

Annual Report
2003 - 04



Adani Exports Limited
Golden Super Star Trading House



SEVEN YEARS AT A GLANCE

FINANCIAL HIGHLIGHTS

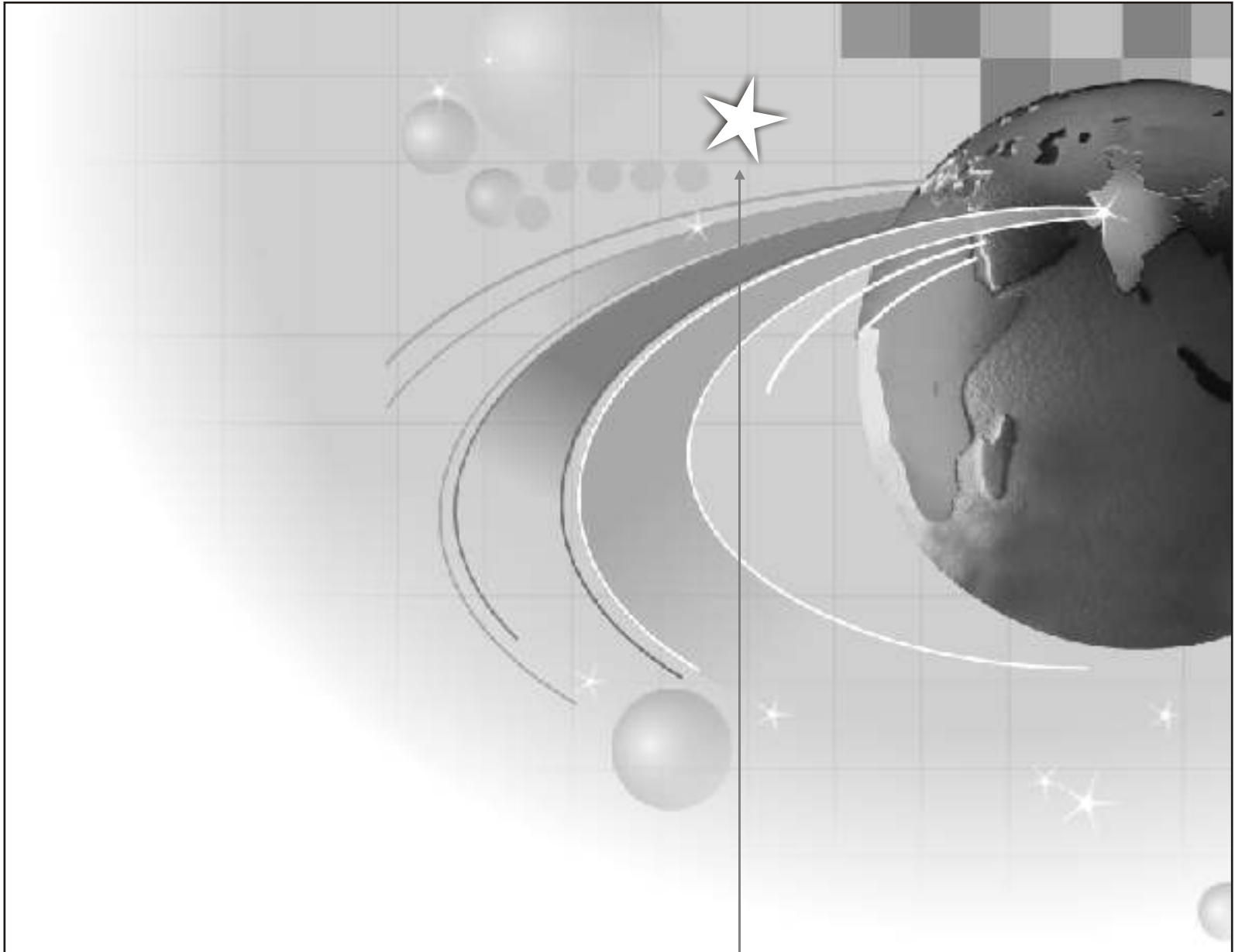
(RS. IN LACS)

		(2003-04)	(2002-03)	(2001-02)	(2000-01)	(1999-00)	(1998-99)	(1997-98)
ASSETS EMPLOYED	\$ Mn.							
Net Fixed Assets	8.24	3600.85	3692.38	3895.54	3817.44	3614.53	3626.89	3210.99
Investments	15.87	6938.26	7801.61	5656.67	6002.01	3895.08	2306.64	1441.06
Net Current Assets	270.54	118273.90	85949.80	89937.50	97396.98	70044.15	54564.83	42722.27
Miscellaneous Expenditure	0.21	92.28	-----	-----	-----	-----	-----	-----
TOTAL	294.86	128905.29	97443.79	99489.71	1,07,216.43	77553.76	60498.36	47374.32
FINANCED BY								
Share Capital	7.33	3204.74*	3204.74*	4204.74*	5254.74*	6154.74*	4602.37*	4102.37*
Reserves and Surplus	135.34	59166.26	51863.01	47406.03	45486.23	35002.85	26062.95	20340.43
Shareholder's Funds	142.67	62371.00	55067.75	51610.77	50740.97	41157.59	30665.32	24442.80
Loan Funds	151.55	66254.31	42091.42	47546.73	56475.46	36396.17	29833.04	22931.52
Deferred Tax Liability	0.64	279.98	284.62	332.21	-----	-----	-----	-----
TOTAL	294.86	128905.29	97443.79	99489.71	107216.43	77553.76	60498.36	47374.32
SALES & OTHER INCOME	1636.72	715533.35	287250.32	282555.27	306579.94	285310.57	218870.40	241777.53
OPERATING PROFIT	29.26	12792.09	9277.18	6785.83	12167.66	11302.99	6770.04	6419.09
Depreciation	0.41	179.46	185.55	188.84	171.02	202.92	198.55	194.11
PROFIT BEFORE TAX	28.85	12612.63	9091.63	6596.99	11996.64	11100.07	6571.49	6224.98
Tax	0.47	205.01	258.04	29.61	167.00	2.03	2.07	(26.03)
PROFIT AFTER TAX	28.38	12407.62	8833.59	6567.38	11829.64	11098.04	6569.42	6251.01
Dividends (including Tax on Dividend)								
Equity	2.28	994.89	661.42	661.42	728.89	468.96	363.78	363.78
Preference	0.26	111.99	143.22	365.49	617.37	586.81	479.78	208.35
Retained Earnings	25.85	11300.74	8028.95	5540.47	10483.38	10042.27	5725.86	5678.88
Foreign Exchange Earnings (Net)	614.85	268796	(19536.52)	11449.65	33714.45	30649.11	68124.69	121892.64
	US \$							
Earning Per Share (Rs.)	1.28	55.77	39.42	28.13	50.86	80.10**	55.24	54.82
Dividend Per Share (Rs.)	0.09	4.00	3.00	3.00	3.00	3.00	3.00	3.00
Book Value Per Share (Rs.)	6.37	278.36	248.62	225.02	216.31	168.76	246.42	194.50
Debt: Equity Ratio		0.47:1	0.29:1	1:1	1.25:1	1.08:1	1.10:1	1.07:1
Bonus Issue						1 : 1		

* Includes Preference Share Capital of Rs. 3000 Lacs in 1997-98, Rs. 3500 Lacs in 1998-99, Rs. 3950 Lacs in 1999-00, Rs. 3050 Lacs in 2000-01, Rs. 2000 Lacs in 2001-02, Rs. 1000 Lacs in 2002-03 & Rs. 1000 Lacs in 2003-04.

1 US \$ = Rs. 43.7175 (Exchange Rate as on 31st March, 2004)

** Annualised



Our Vision

To be a globally competitive,
India centric organisation,
with leadership in trading and
related integrated businesses;
committed to the delight
of our customers and shareholders.



Adani Exports Limited
Golden Super Star Trading House

BOARD OF DIRECTORS

Shri Gautam S. Adani, Chairman
Shri Rajesh S. Adani, Managing Director
Shri Vasant S. Adani, Whole-time Director
Shri Jay H. Shah
Dr. Pravin P. Shah
Dr. A. C. Shah
Shri C. R. Shah
Shri Biswajit Choudhuri, UTI Nominee

COMPANY SECRETARY

Ms. Birva C. Patel

AUDITORS

M/s. Dharmesh Parikh & Co.
Chartered Accountants
Ahmedabad

BANKERS

State Bank of India, Ahmedabad
Bank of India, Ahmedabad
Sumitomo Mitsui Banking Corporation, Mumbai
State Bank of Travancore, Ahmedabad
Development Credit Bank Ltd., Ahmedabad
Societe Generale, Mumbai
State Bank of Hyderabad, Ahmedabad
The Jammu & Kashmir Bank Ltd., Ahmedabad
State Bank of Saurashtra, Ahmedabad

Bank of Baroda, Ahmedabad
Punjab National Bank, Ahmedabad
Andhra Bank, Ahmedabad
IndusInd Bank Ltd., Ahmedabad
Abu Dhabi Commercial Bank Ltd., Mumbai
Canara Bank, Ahmedabad
UCO Bank, Ahmedabad
Syndicate Bank, Ahmedabad
Oriental Bank of Commerce, Ahmedabad

REGISTERED OFFICE

"Adani House"
Near Mithakhali Six Roads
Navrangpura, Ahmedabad - 380 009

SHARE TRANSFER AGENT

Pinnacle Share Registry Private Ltd.
Near Asoka Mills Ltd., Naroda Road
Ahmedabad - 380 025
Tel No. +91-79 2220 4226, 2220 0591, 2220 0582
Fax +91-79-2220 2963

SHARES LISTED AT

Ahmedabad Stock Exchange
The Stock Exchange, Mumbai
National Stock Exchange, Mumbai



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DIRECTOR'S REPORT

To

The Members,

Your directors have great pleasure in presenting the twelfth Annual Report on the business and operations of your Company together with the audited accounts for the financial year ended March 31, 2004.

COMPANY'S PERFORMANCE

Your Company has posted a superior performance during the year under review with revenue growth of 149% and profit after tax growth of 40% over the previous year respectively. During the year under review, your Company's total income was Rs. 7155.33 crores (Rs. 2872.27 crores) while gross profit (before depreciation, interest and taxation) and net profit increased to Rs. 172.25 crores (Rs. 130.92 crores) and Rs. 124.09 crores (Rs. 88.34 crores) respectively. During the year, although there has been a substantial increase in turnover due to the broad-basing of the Company's product portfolio in line with the policy thrust, this has only marginally contributed to the overall profitability. The Company, however continues to achieve robust growth in its focussed global trading operations. As part of its venture development strategy, your Company earned Rs. 76.98 crores (Rs. 60.37 crores) as other income from planned disinvestment.

The Company's performance for the year under review is summarised below:

FINANCIAL HIGHLIGHTS

Year Ended March 31,	(Rs. In Crores)*	
	2004	2003
Sales and operating earnings	7078.35	2811.89
Other income	76.98	60.37
Gross Profit before Depreciation, Interest and Tax	172.25	130.92
Interest	44.32	38.14
Depreciation	1.79	1.85
Profit before Tax	126.14	90.92
Provision for Tax	2.05	2.58
Profit after Tax	124.09	88.34
Surplus brought forward from previous year	186.37	164.43
Balance available for appropriations	310.46	252.77
Appropriations:		
Dividend on Preference Shares:		
- Interim	0.99	1.43
- Final	0.01	0.01
Dividend on Equity Shares:		
- Final	8.82	6.61
Tax on Dividend	1.26	0.85
Transferred to		
Preference Share Capital Redemption Reserve	-	10.00
Debenture Redemption Reserve	-	7.5
General Reserve	60.00	40.00
Balance carried to Balance Sheet	239.38	186.37
Total	310.46	252.77

*1 crore equals 10 million

FOREIGN EXCHANGE EARNINGS

Your Company remains committed to enlarging foreign exchange earnings. Earnings from exports give impetus to the Indian economy and also serve as benchmark to the competitiveness of your Company's performance with global standards. In this context, it is significant that during the year under review, your Company's earnings from export of goods on F.O.B. basis registered a robust growth of 1186% in dollar terms.

DIVIDEND

Considering the overall performance of the Company, the Directors are pleased to recommend a dividend of 40% (Rs. 4/- per share of Rs. 10/- fully paid-up) for the year ended March 31, 2004 as against 30% for the year ended March 31, 2003. This entails dividend payment of Rs. 9.95 crores including tax thereon, which if approved at the forthcoming Annual General Meeting, will be paid to all those equity shareholders whose names will appear on the Register of the Members as on 30th June, 2004.

Interim dividend for 2003-2004 on 9.9% 1,00,00,000 cumulative redeemable preference shares of Rs. 10 each was paid aggregating to Rs. 98.73 lacs for the period from 1st April, 2003 to 29th March, 2004 (both days inclusive). Besides, a final dividend on the aforesaid cumulative redeemable preference shares amounting to Rs. 54,246/- (for the period from 30th March, 2004 to 31st March, 2004) for the year 2003-2004 is recommended.

SEGMENT REPORTING

Your Company is a global trading organisation with operations covering a wide range of commodity groups such as, Agro, Energy, Precious Goods and Textiles. In view of the integrated nature of business in its entirety, there are no separate segments within the Company as defined by Accounting Standard 17 (Segmental Reporting) issued by the ICAI.

FIXED DEPOSITS

Your Company has neither invited nor accepted / renewed any deposits from the Public within the meaning of section 58A of the Companies Act, 1956 during the year under review.

LISTING OF SHARES

Your Company is listed on three stock exchanges in India viz. The Stock Exchange, Mumbai, National Stock Exchange and Ahmedabad Stock Exchange. The Listing Fees for the financial year 2004-2005 are paid to all the three stock exchanges within the prescribed time limits.



SHARE CAPITAL

The Board of Directors of the Company at their meeting held on 5th May, 2004, inter alia, approved of a proposal to split the equity shares of the Company currently of the face value of Rs. 10/- each into ten equity shares of the face value of Rs. 1/- each, subject to necessary approval of the members at the ensuing General Meeting of the Company. The Board believes that the reduction in the unit price of the shares is beneficial to the retail investors and would improve the liquidity in the scrip significantly.

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

Your directors have approved the issue of Foreign Currency Convertible Bonds (FCCBs) upto US\$ 40 million to tap the international capital markets to raise funds to meet the cost of the projects and / or other purposes in accordance with the applicable guidelines / regulations from time to time subject to the necessary approval of the members in the ensuing General Meeting of the Company and other authorities, if any. This would enable the Company to take advantage of the prevailing low financing costs regime existing in such markets.

CORPORATE GOVERNANCE

Your Company is committed to adhere to appropriate standards for good Corporate Governance. Towards this end and in line with guidelines recommended by SEBI committee on Corporate Governance, adequate steps have been taken to ensure that all the provisions of Clause 49 of the Listing Agreement are duly complied with.

A report on the Corporate Governance along with a certificate from the statutory auditors of the Company on the compliance of the provisions of Corporate Governance alongwith the Management Discussion and Analysis Report as stipulated under Clause 49 of the Listing Agreements are annexed to this Report as per annexure III & IV.

FORMATION OF VARIOUS COMMITTEES

Details of various committees constituted by the Board of Directors are given in the Corporate Governance Report annexed and form part of this report.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Jay H. Shah and Dr. A.C. Shah, directors of the Company, retire by rotation, and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that in the preparation of the annual accounts for the year ended March 31, 2004:

- The applicable accounting standards have been followed and that no material departures have been made from the same.
- Such accounting policies have been selected and applied consistently and reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The annual accounts have been prepared on a going concern basis.

CONSOLIDATED ACCOUNTS

As required under Clause 32 of the Listing Agreement with the Stock Exchanges, consolidated financial statements have been prepared in accordance with the requirements of Accounting Standard 21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India. The audited consolidated financial statements form part of the annual report.

SUBSIDIARY COMPANIES

As required under Section 212, of the Companies Act, 1956, the Accounts relating to subsidiary companies i.e. Adani Global Ltd., Adani Global FZE and Adani Global Pte Ltd. are attached herewith. As the financial year of Adani Global Ltd., Adani Global FZE, and Adani Global Pte Ltd. are not coinciding with that of your Company, the relevant information as required under Section 212(5) of the Companies Act, 1956 of the said Companies are annexed herewith. During the year under review, Gujarat State Export Corporation Ltd. became subsidiary of your Company on March 15, 2004 and ceased to be subsidiary on March 26, 2004. During the year under review Adani Chemicals Ltd. ceased to be a subsidiary of your Company w.e.f. March 26, 2004.

AUDITORS AND AUDITORS' REPORT

The retiring auditors, M/s. Dharmesh Parikh and Co., Chartered Accountants, Ahmedabad, retire at this Annual General Meeting, and have confirmed their eligibility and willingness to accept office, if re-appointed. They have given a certificate to the effect that the re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. The audit committee and the Board of Directors recommend re-appointment of M/s. Dharmesh Parikh and Co., Chartered Accountants, Ahmedabad as statutory auditors of the Company for the year 2004-05.

Notes forming part of accounts are self-explanatory and therefore, do not call for any further comments.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.

As your Company is a trading unit, the statement containing the information as per Section 217(1)(e) of the Companies Act read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, is not appended. The details of foreign exchange earnings and outgo are appended in the Annexure-I attached herewith.

EMPLOYEES

Relations with the employees continued to be cordial throughout the year. Your directors express their sincere thanks to employees for their commitment, teamwork and substantial contribution towards achieving corporate objectives. The information required to be included as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 made thereunder, is set out in the annexure forming part of this Report.

ACKNOWLEDGEMENT

Your directors take this opportunity to thank the central and state government, customers, suppliers, business associates, shareholders, banks and financial institutions for their continued support and faith reposed in your Company. Your directors also place on record appreciation of the management team and all the employees of the Company for their sincere hard work, dedication and commitment.

For and on behalf of the Board of Directors

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004

GAUTAM S. ADANI
Chairman



Annexure to Directors' Report for the year ended 31st March, 2004

ANNEXURE I

FOREIGN EXCHANGE EARNINGS AND OUTGO:

		(figures in crores)	
		Current year	Previous year
(I)	Foreign exchange earned (Including export of goods on FOB basis)	4841.46	376.28
(II)	Foreign exchange used	2155.71	765.18

ANNEXURE II

A. Information pursuant to Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

Sr. No.	Name	Age (yrs.)	Designation	Remuneration Gross (Rs. in Crores)	Qualification	Date of commencement of employment	Last employment held-Designation and Period for which held
1	Mr. Gautam S. Adani	42	Chairman	0.49/-	S.Y. B.Com	1/12/93	Business
2	Mr. Rajesh S. Adani	40	Managing Director	0.66/-	B. Com.	1/12/93	Business
3	Mr. Vasant S. Adani	49	Whole-time Director	0.41/-	B.A.	7/1/95	Business
4	Mr. Pradeep Mittal	50	CEO (Energy & Minerals)	0.48/-	Diploma in Mktg.	1/1/98	Chief General Manager Karamchand Thapar and Brothers (C.S.) Ltd.

B. Employed for a part of the financial year and were in receipt of remuneration for any part of the financial year at a rate which in aggregate was not less than Rs. 2,00,000/- per month.

Sr. No.	Name	Age (yrs.)	Designation	Remuneration Gross (Rs. in Crores)	Qualification	Date of commencement of employment	Last employment held-Designation and Period for which held
				----- N I L -----			

Note: Remuneration as above includes salary, contribution to provident and other funds and other perquisites.



ANNEXTURE - III MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development

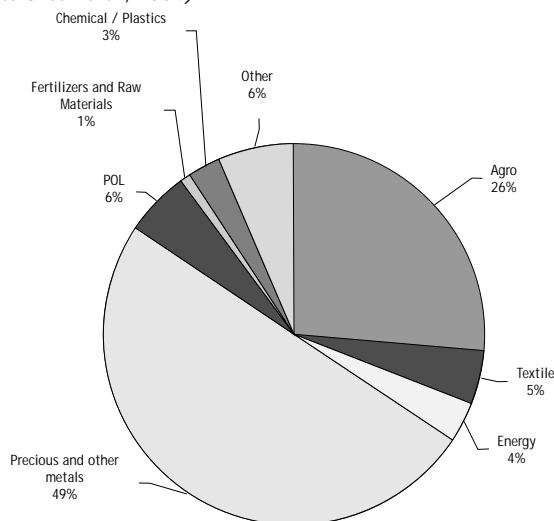
During the year under review, the real GDP of the country registered a robust growth rate of around 8.7 per cent. The lower GDP in 2002-03 stemmed mainly on account of poor monsoons during the period, which impacted the agricultural sector. However, monsoons during the year 2003-04 have been substantially better (and widespread) and this has given impetus to economic recovery. The industrial production was up by 6.7 per cent as compared with a 5.7 per cent increase recorded in the corresponding previous year.

India's Export Industry continues to occupy a place of prominence in the Indian Economy. The Company is predominantly involved in the global trading business, hence its performance is normally influenced by macro-economic growth rate, EXIM policy of government and global competition as well as relative competitive position of the Company. During the fiscal year 2003-04 exports recorded an impressive 17.1 percent growth, on top of the 20 per cent increase clocked in the previous year. In a year when the rupee appreciated by about six percent against the dollar, the performance of export sector is commendable.

In fiscal 2003-04 imports grew by 25.3 per cent as compared with 17.0 per cent in the corresponding period of 2002-03. The surge in imports was fuelled more by rising non-POL (Petroleum, Oil and Lubricant commodities) imports even as growth in POL imports slowed down. Non-POL imports grew at a robust rate of 30 percent during the current fiscal year as against the 13.7 percent increase recorded during the previous fiscal. Growth in POL imports slowed down to 14.3 percent during 2003-04 as compared with 25.6 percent growth recorded in previous fiscal.

(Source : CMIE Report)

Commodity Wise Performance (Upto 31st March, 2004)



A. Agro Commodities

The Company is successful in maintaining its status as one of the largest exporter of agro commodities. It has retained its position of being the largest exporter of wheat from India. It has remained the biggest exporter of wheat to Middle East and South East Asia maintaining buyer loyalty earned so painstakingly over past years. Whilst exports of castor oil maintained their momentum during the current year, we have added Groundnut oil as a major product of export. In fact the Company has emerged as one of the largest exporters of groundnut oil from the country. During the year the Company has also commenced exports of HPS (groundnut kernels) and sesame seeds to Europe and China. Besides it has also added maize to its ever-expanding agro product portfolio, exporting to Middle East and Far East. Rice is another item wherein the Company sees a good export potential. The Company will continue to consolidate its position in its existing agrobasket comprising of wheat, oilmeals, maize, pulses, castor oil and focus its resources on broad-basing its agro portfolio there by maintaining its position as a leading consolidator and mover of bulk cargo.

B. Textiles

Textile Industry is a strong backbone of Indian Economy. Its dominance is due to its contribution in the Indian production, employment generation and forex earnings. However, the Industry has been facing very difficult period for the last four years. The major factors affecting exports of textile from India is the relative cost of manufacture in comparison to other countries of Asia as well as demand shrinkage from the overseas market. Export performance of textile sector has been poor during the fiscal 2003-04. Despite poor performance of textile sector during the fiscal 2003-04, the Company has established a strong buyer base for its yarns and has emerged as one of the leading players in the Country. Its position in highly quality sensitive markets like Europe has become stronger. Many new alliances to promote business have been formed and the future looks much brighter.

The import portfolio of the Company also looks positive. Imports possibilities have been very closely studied and the plan will unfold into implementation this year.

The Company is hopeful that the quota free global trade w.e.f. January 1st, 2005 will open up new opportunities.

Textile business of the Company will achieve sustaining momentum that will allow the Company to meet challenges of post quota regime.

C. Energy

Performance of energy sector of India improved significantly in the second half of the fiscal 2003-04. This was reflected in the 5.5 per cent growth in coal production during the fiscal 2003-04 as compared with the 4.8 per cent growth registered in the same period of 2002-03. During the year inspite of abnormal increase in FOB price as well as ocean freight compounding with world wide coal shortage, coal business has succeeded in maintaining its market share as well as fulfilled all its commitments to its customers. The Company has also succeeded in sourcing and importing coal from Indonesia.



The Company has also started the iron ore trading successfully during the year 2003-04. With a long term vision, the Company has also started a minor port at Belekeri, North Karnataka to handle iron ore and other bulk cargo.

The Company has been always on the look out for new trading opportunities and increasing its commodity basket and has added more trading venture during the year. Power trading is an accepted business practice in the energy markets across the world and offers attractive opportunities in our country, in view of diversities in demand pattern and mismatch in supply and demand of power across different regions / states. As such power trading by sourcing surplus power and selling to deficit utilities aims to correct above market imbalances and optimize India's power resource as well as bring down average cost of electricity.

Looking into this opportunity and in view of recently promulgated Electricity Act 2003, which provides for trading of power as a separate but licenced activity, the Company decided to diversify its activities in power trading as well. After obtaining provisional licence for trading in power from Central Electricity Regulatory Commission in the month of November 2003, the Company started trading in power and in a very short span of four months i.e. from December 2003 to March 2004, the Company has already traded 102 Million Units of power recording a turnover of about Rs. 22 crores as on 31st March, 2004. The Company aims to increase the volume of trading to approximately 1000 Million Units in financial year 2004-05. The Company is confident of achieving this target with good margins.

D. Precious Metals

During the year under review gems & jewellery contributed 16.60 percentage points to the overall export growth of India. Having a large share of about 20 per cent, higher growth of gems and jewellery exports augur well for the overall growth in exports of India. The Company in its quest for newer trading avenues had a couple of years ago entered diamond trade. We are glad to report that the Company has achieved substantial volumes in the year under reporting and we were able to add value to the trade by exporting cut and polished diamonds to a number of countries including Hong Kong, USA, Israel and Middle East.

The Company is confident of achieving reasonable volumes in the coming year with good margins.

E. Petroleum, Oils and Lubricants (POL)

The major users of POL products are industries engaged in generation of power, solvent fuel etc. and bitumen is used for making roads in India. The Company imports these commodities from Middle East countries such as UAE, Dubai, Qatar etc.

The Company hopes to build up handsome volumes in the trading of the petroleum products, since we have the necessary infrastructure in place in terms of its competitive procurement from the international markets, storage facilities at its port and marketing to various users in India.

The Company continues its focussed trading in a wide range of petrochemicals viz. methanol and has introduced several innovative value added service structures to enhance its profitability.

F. Fertilisers and Raw Materials

The Company deals in sulphur & ammonium nitrate. During the year under review, the trading volume of sulphur and ammonium nitrate have witnessed a growth of around 25% over the previous year with reasonable good profitability. Having executed couple of orders of ammonium nitrate successfully, the Company plans to further build up handsome trading volume of this commodity in the coming year(s) by enlarging the customers base. In the field of sulphur trading, the Company hopes to expand the business by roping in institutional buyers & by catering to other regular buyers in the markets of Mumbai, especially the chemical units.

G. Treasury

The Company's main activities of treasury include(s) management of cash resources, implementing hedging strategies for foreign currency exposures and ensuring compliance with market risk limits and policies on a daily basis. During the year under review, due to phenomenal GDP growth rate, the surge in the capital inflows led to the huge accretion in forex reserves swelling over US\$ 110 billion by the end of March, 2004. As a result, Rupee registered a steep appreciation of 8.8% on year to year basis. The benchmark US\$ interest rate also remained at its lowest level due to the continued downturn and slow recovery in the US economy.

The appreciation of Indian Rupees and lower US \$ interest rate had a positive impact on our imports and foreign loan portfolio. In exports, the Company remained competitive due to its prudent risk management strategy through forex derivative products. As such the Company managed to reduce the cost of trade financing and become more competitive.

Competition/Outlook on opportunities

Since inception, the Company has built significant expertise in global trading. However, the success of any business, apart from its own efforts and progress, is often dependent on several external factors, global trading is also not exception to it. This may be in the form of opportunities which it can utilize to its benefits or threats, against which it has to cushion itself. In view of this, favourable opportunities are expected to make a good leap in a highly volatile competitive global market and more particularly in the growth of export activities of the Company. However, the Company has to face competition, appreciation in rupee value and decrease in conversion margins.

Liberalisation process will definitely open up new opportunities as well as challenges to the textile industry. Undoubtedly free business environment will result in rapid growth of exports from low cost supplying countries but it will definitely increase global competition. Cost effectiveness will help in maintaining industry's share in global markets, especially in 2005. Liberalisation of ensuing year should see some interesting developments that will create a platform for future growth. The management is actively studying the possibilities of setting up a manufacturing facility and is planning to have representation in few major markets. Though there are evident signs of improvement in the textile industry scenario but the increase in the prices of raw materials and demand shrinkage from overseas countries, are the cause of concern for the textile industry. The Company will continue to focus on operational improvements, manpower rationalisation and cost reduction efforts for improving the margins in global trading of its textile products.

On the strength of an excellent monsoon, the current year has seen exceptional growth in the farm sector. The Company took full advantage of the tremendous opportunity it afforded and given our past experience in this field. The Company proposes to continue to recognize the tremendous potential agro commodities offer and having developed its core strength of being a consolidator and mover of Agro commodities in bulk. It expects trade in all major agro commodities such as Wheat, DOC, Castor Oil, Groundnut Oil, Maize, Rice, HPS, Sesame Seeds to grow. The Company maintains its status as one of the largest agro players in the country.

The Company continues to be a major importer of petroleum products in the private sector. In future, the Company plans to trade in Indian Market for all type of petroleum products.



The market for power trading in India has evolved over the last four years. Power trading by the new entrants could well end power shortages, which at present, range between 8 to 10 percent, with peak shortages of above 13 per cent. The emerging market structure may enable trading at many levels – local, intra state, inter state and inter – regional. However, full fledged power trading will require reform of SEBs, the removal of subsidies, lowering of transmission and distribution losses and the building of transmission highways across India's fragmented transmission system. In short, given the overall power shortage situation in India, power trading by helping to alleviate the disparities in demand and supply is a very relevant business proposition and has bright future.

The Management is quite hopeful that because of its inherent core strength and strategic planning, the Company will be able to translate emerging challenges into opportunities. The Management is looking at the future with a lot of optimism and is gearing itself well in time to make best use of the opportunities which will be emerging at the global level.

The Company's long standing presence in the export markets and strategic planning will enable it to improve export performance even in the year 2005 and afterwards.

Risk and Concerns

Being a global trading organization, the Company is exposed to external business risks, internal risks and financial risks. External business risks arise out of global competition, general policies of the governments at the helm of affairs in respective countries. Internal risks basically cover operational efficiency and ability to withstand competition. Financial risks are basically in the nature of foreign exchange fluctuations, credit risks and interest rate variations. One of the major area of concern is currency fluctuations. Adverse fluctuations in currency affects profitability of the Company. While all possible steps are being taken to contain and minimize losses, the Company cannot completely avoid, the negative effect of currency volatility. While the Company conducts business with selected credit worthy parties, in some situations, beyond the control of the Company certain irrecoverable receivables may arise, though such amounts are minimal compared to the total business.

The Company is guarding itself against these risks by laying down appropriate strategy for product positioning, which is supplemented by business plan, review mechanism and action plans.

Internal Control Systems and their adequacy

The Company has already established well-knit internal control system, which is functional in all areas. The Company strives for continuous improvement of these systems. These systems are continually monitored as well as periodically reviewed and wherever necessary, are modified or redesigned to ensure better efficiency and effectiveness. The in-house internal audit department reviews internal control systems in various business processes and also verifies compliance of the laid down policies and procedures. Reports of internal auditor are placed before the Audit Committee of Board of Directors and Senior Management. The statutory auditors also review their findings with the senior management.

Financial Performance with respect to operational performance

During the year under review, the Company achieved profit before taxation (PBT) of Rs. 126.14 crores as compared to Rs. 90.92 crores during the previous year. The Company enjoyed a comfortable liquidity position during the year. The sales and other income grew by 2.5 times to Rs. 7155.33 crores (Rs. 2872.27 crores). The net profit after tax rose to Rs. 124.09 crores as compared to Rs. 88.34 crores during the previous year. The Management is pleased with the state of business and the direction in which it is moving ahead.

Developments in Human Resources

Peaceful and cordial relations continue with the employees.

The key to create a high performance environment is the quality of people. the Company's dynamic growth is largely based on Company's focused attention towards human resources development. Recognition of performance, training and development, motivation for excellence, decision making empowerment, communication and transparency in policies are integrated as part of the Company's HR philosophy.

As a global organization the Company recruits people from different backgrounds, locations, styles and ideas. The Company encourages creativity and smart work. Focused directions are provided through goal setting process, feedback and counseling. The Company has performance driven reward system and employees are awarded on achieving project milestones or making a significant contribution to the organization. The Company offers opportunities for further growth to those who keep their skills at the cutting edge. Above all the Company pays for results.

In the Company, learning and grooming is a continuous process through a balanced intervention in the areas of skill and managerial development as well as opportunity to work on the latest technology in an environment that supports creativity and innovation.

Cautionary Note

Statements in this report describing the Company's objectives, projections, estimates, expectations & predictions may be "forward looking statements". These statements are subject to certain risks and uncertainties. Actual results may differ materially from those expressed or implied since the Company's operations are influenced by many external and internal factors beyond the control of the Company. Hence, the Company assumes no responsibility in respect of forward looking statements that may be amended or modified later, on the basis of subsequent developments, information or events.



ANNEXURE - IV CORPORATE GOVERNANCE REPORT

INTRODUCTION

Corporate Governance is the mechanism by which the values, principles, management policies and procedures of a corporation are made manifest in the real world. Corporate Governance contemplates fairness, transparency, accountability and responsibility in the functioning of the management and the Board of Companies. Corporate Governance represents moral framework, the ethical framework and the value framework under which an enterprise takes decisions.

The broad disclosures as required by the Stock Exchanges and regulatory authorities are given below :

1. Company's Philosophy on Corporate Governance

Your Company has implemented and continuously tries to improve the Corporate Governance practices which attempt to meet stakeholders' expectations and Company's societal commitments through high standards of ethics, sound business decisions, prudent financial management practices, professionalism in decision making and conducting the business and finally with strict compliance with regulatory guidelines on Corporate Governance.

"Transparency, honesty, efficiency, complete and timely disclosure and sustained enhancement of shareholder's value, justice to vendors, employees and the society at large are the cardinal principles of Corporate Governance for your Company."

At Adani Exports Ltd. we believe that good Corporate Governance and impeccable track record in work ethics are the two most important factors that can provide better stakeholders value. It is a systematic and Company specific process, by which your Company is directed and controlled to enhance its wealth generation capacity in a transparent manner, which meets shareholder's aspirations and societal expectations. Your Company has worked with a philosophy and mission of good governance in every field. Your Company has been transparent in its dealings, adhering to the corporate values, leveraging the corporate resources in alignment with the benefit to the stakeholders.

CLAUSE 49 OF THE LISTING AGREEMENT

Clause 49 of the Listing Agreement with Stock Exchanges sets up norms and disclosures that are to be met by the Company on Corporate Governance front. We confirm our compliance with Corporate Governance criteria, as required under the said clause, vide this report. Certificate of the Statutory Auditors of your Company regarding compliance of the conditions of Corporate Governance as stipulated in the Clause 49 of the Listing Agreement with Stock Exchanges, is enclosed.

2. Composition of Board of Directors

The Board consists of Executive and Non-executive Directors including independent Directors and one Nominee Director (UTI) who have a wide and varied experience in different disciplines of corporate functioning i.e. Trading, international trade, finance, legal, accounting, technical, real estate management, administration etc. As on March 31, 2004, the Board of Directors of the Company consists of five (i.e. 63%) Non-executive Directors as against minimum requirement of fifty percent as per the listing agreement. The Non-executive Directors are eminent professionals, drawn from amongst persons with experience in business & industry, finance & law. Moreover, all of the Non-executive Directors are independent. The composition of Directors and their attendance at the Board Meetings and at the General Meetings during the year are :

Name of Director	Category	No. of other Directorships in Public Limited Companies in India	No. of other Board Committees of which Member/Chairman (other than Adani Exports Ltd.)#
<i>Executive Directors</i>			
Mr. Gautam S. Adani	Chairman	6	3 [2 as Member and 1 as Chairman]
Mr. Rajesh S. Adani	Managing Director	8	3 [2 as Member and 1 as Chairman]
Mr. Vasant S. Adani	Whole time Director	6	2 [2 as Member]
<i>Non-executive Directors</i>			
Mr. Jay H. Shah	Independent Director	3	1 [1 as Member]
Dr. Pravin P. Shah	Independent Director	4	1 [1 as Member]
Dr. A. C. Shah	Independent Director	7	7 [5 as Member and 2 as Chairman]
Mr. C. R. Shah	Independent Director	8	7 [5 as Member and 2 as Chairman]
Mr. Biswajit Choudhuri	Nominee (UTI) and Independent Director	6	6 [4 as Member and 2 as Chairman]

It relates to Audit Committee, Shareholders Grievances Committee and Remuneration Committee only.

Attendance of each Director at Board Meetings and last Annual General Meeting

During the financial year 2003-2004, the Board of Directors met five times on the following dates: 24th May, 2003, 28th June, 2003, 30th July, 2003, 14th October, 2003 and 30th January, 2004.

Name of Directors	No. of Board meetings attended during the period 1st April, 2003 to 31st March, 2004	Whether present at the previous AGM
Mr. Gautam S. Adani	5	Yes
Mr. Rajesh S. Adani	5	Yes
Mr. Vasant S. Adani	3	Yes
Mr. Jay H. Shah	4	Yes
Dr. Pravin P. Shah	2	No
Dr. A. C. Shah	4	No
Mr. C. R. Shah	4	Yes
Mr. Biswajit Choudhuri	2	Yes

Notes on Directors appointment / re-appointment.

Shri Jay H. Shah and Dr. A. C. Shah, Directors of the Company, are retiring at the ensuing Annual General Meeting and are eligible for re-appointment. Their details are given in the Annexure forming part of the notice calling Annual General Meeting of the Company.



3. Committees of Board

A. Audit Committee

The Audit Committee was formed by the Board of Directors on 27th January, 2001 as per Listing Agreement with the Stock Exchanges and also pursuant to the provisions of the Companies Act, 1956. As on today, committee comprises of four Directors, all being Non-executive and Independent. Members of Audit Committee are eminent persons in their fields. The Audit Committee also invites senior executives at its meetings. The Company Secretary acts as the Secretary to the committee.

Terms of Reference

The Audit Committee reviews and reports to the Board on the following :

- Appointment and remuneration of auditors
- Scope and adequacy of Internal Audit function
- Compliance with legal and statutory requirements including listing agreement
- Periodical and yearly financial results of the Company
- Effectiveness of systems and internal controls
- Reviewing the financial and risk management policies
- Overseeing financial reporting process
- Apprise the impact of accounting policies, accounting standards and legislations

Composition, Name of Members, Chairman, Meetings and Attendance

The Committee comprises of Mr. C. R. Shah, Dr. A. C. Shah, Dr. P. P. Shah and Mr. Jay H. Shah. During the financial year 2003-2004, four Audit Committee Meetings were held on the following dates: 28th June, 2003, 30th July, 2003, 14th October, 2003 and 30th January, 2004.

Name of the Director	Designation	Category	Audit Committee Meetings	
			Held	Attended
Mr. C. R. Shah	Chairman	Non-executive and Independent Director	4	4
Dr. A. C. Shah	Member	Non-executive and Independent Director	4	3
Dr. Pravin P. Shah	Member	Non-executive and Independent Director	4	2
Mr. Jay H. Shah	Member	Non-executive and Independent Director	4	3

Chairman of the Committee Mr. C. R. Shah was present in the last Annual General Meeting of the Company held on 27th September, 2003.

B. Remuneration Committee

The Board of Directors of the Company at their meeting held on 23rd June, 2001 constituted a remuneration committee of directors mainly for the purpose of recommending Company's policy on remuneration package(s) for the Executive Chairman, Managing Director and Whole-time Director, reviewing the structure, design and implementation of remuneration policy etc. Remuneration to Executive Chairman, Managing Director and Whole-time Director is subject to review and recommendation of the Remuneration Committee to the Board and thereafter as approved by shareholders in Annual General Meeting.

Composition, Name of Members and Chairman

The Remuneration Committee comprises of four Directors namely, Dr. P. P. Shah, Mr. C. R. Shah, Dr. A. C. Shah and Mr. Jay H. Shah, all being Non-Executive and Independent. During the financial year 2003-2004, one Remuneration Committee Meeting was held on the 28th June, 2003.

Name of the Director	Designation	Category	Committee Meetings	
			Held	Attended
Dr. Pravin P. Shah	Chairman	Non-executive and Independent Director	1	1
Dr. A. C. Shah	Member	Non-executive and Independent Director	1	1
Mr. C. R. Shah	Member	Non-executive and Independent Director	1	1
Mr. Jay H. Shah	Member	Non-executive and Independent Director	1	1

Remuneration Policy

The remuneration policy is directed towards rewarding performance, based on review of achievements.

A. Remuneration structure of Executive Chairman, Managing Director and Whole-time Director comprises of salary, HRA, commission and other perquisites more particularly described in the agreement(s) entered by the Company with Executive Chairman, Managing Director and Whole-time Director of the Company. The Agreement is placed before the Board for approval and subsequently the approval of the members is obtained at the General Meeting of the Company.

B. The Non-executive Directors do not draw any remuneration from the Company except the sitting fees.

Details of remuneration paid during the period from 1st April, 2003 to 31st March, 2004 is as under :

A. Non-Executive Directors

(Rs. in Lacs)

Sr. No.	Names of Directors	Sitting Fees		TOTAL
		Board Meeting	Committee Meeting(s)	
1	Mr. Jay H. Shah	0.2	0.35	0.55
2	Dr. Pravin P. Shah	0.1	0.15	0.25
3	Dr. A. C. Shah	0.2	0.35	0.55
4	Mr. C. R. Shah	0.2	0.45	0.65
5	Mr. Biswajit Choudhuri	0.1	-	0.10

B. Executive Directors

(Rs. in Lacs)

Name	Salary	Bonus	Retirement Benefits	Perquisites	Commission	Others	Sitting fees		Total
							Board Meeting	Committee Meeting	
Mr. Gautam S. Adani	15.2	-	4.71	2.94	26.38	-	-	-	49.23
Mr. Rajesh S. Adani	12.5	-	3.88	2.07	35.57	7.51	-	-	65.53
Mr. Vasant S. Adani	9.9	-	3.07	1.27	21.10	5.94	-	-	41.28

Company Secretary Ms. Birva C. Patel acts as Secretary to the Committee.

The Company does not have any stock option scheme or performance linked incentive plan for its Directors.



C. Shareholders'/Investors' Grievances Committee

Terms of Reference

The Board had constituted a Shareholders'/Investors' Grievance Committee in June 2001. The share transfer & shareholders' / investors' grievance committee of the Company looks into the matters like transfer / transmission, issuance of duplicate shares, non-receipt of declared dividend etc.

The Committee also oversees the performance of M/s. Pinnacle Shares Registry Pvt. Ltd., the Registrar and Share Transfer Agents of the Company and recommends measures to improve the level of investors related services. Committee also keeps watch on disposal status of all complaints / grievances of shareholders. During the year under review, 22 (Twenty Two) investor complaints were received from the shareholders and none of the complaints was pending on 31st March, 2004. There were no transfer application pending for registration for more than 30 days as on 31st March, 2004 except those cases where notices were required to be sent to registered holders due to their objection lodged with the Company.

Composition, Name of Members and Chairman

The Committee comprises of Mr. C. R. Shah, Dr. A. C. Shah, Mr. Vasant S. Adani and Mr. Jay H. Shah. During the financial year 2003-2004, four Shareholders' Grievances Committee Meetings were held on the following dates: 28th June, 2003, 31st July, 2003, 14th October, 2003 and 30th January, 2004.

Name of Members	Designation	Category	Committee Meetings	
			Held	Attended
Mr. C. R. Shah	Chairman	Non-executive and Independent Director	4	4
Dr. A. C. Shah	Member	Non-executive and Independent Director	4	3
Mr. Jay H. Shah	Member	Non-executive and Independent Director	4	3
Mr. Vasant S. Adani	Member	Executive Director	4	2

Investor Services

Your Company has appointed M/s Pinnacle Share Registry Pvt. Ltd. as Registrar & Share Transfer Agent, who have adequate infrastructure and VSAT connectivity with both the depositories, which facilitate better and faster service to the investors.

Other facilities such as remittance of dividend, bank mandate, incorporation of bank details on dividend warrants, revalidation of dividend warrants, issue of duplicate share certificates etc. are also extended to the Shareholders.

Name of the Compliance Officer is as follows

Ms. Birva C. Patel
Company Secretary
Adani Exports Ltd.

"Adani House", Near Mithakhali Six Roads, Navarangpura, Ahmedabad - 380 009
Tel No. (079) 25555 555, 26565 555, 25555 365(DID), 25555 215(DID)
Fax No. (079) 26565 500, 25555 500

4. General Body Meetings

Details of last three Annual General Meetings held are given below :

Financial Year	Date	Time	Venue	No. of special resolutions passed
2000-2001	29th Sep., 2001	11.00 a.m.	Lion's Hall, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad 380006	2
2001- 2002	30th Sep., 2002	11.00 a.m.	Lion's Hall, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad 380006	2
2002-2003	27th Sep., 2003	11.00 a.m.	Hotel President, Off. C.G. Road, Opp. Municipal Market, Navrangpura, Ahmedabad - 380 009.	1

All the special resolutions were passed on show of hands, except one in respect of Section 372A of the Companies Act, 1956 which was passed through postal ballot and result of which was announced in the Annual General Meeting of the Company held on 29th September, 2001.

Postal Ballot

During the year 2003-2004, the postal ballot process was carried out for passing two special resolutions -

- Under Section 17 of the Companies Act, 1956 to alter main object clause of the Memorandum of Association of the Company, and
- Under Section 372A of the Companies Act, 1956, to authorise the Board of Directors of the Company to make investments and give loans in excess of the limits prescribed in the said section.

The postal ballot process was carried out as per the procedure laid down in terms of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. Mr. Rohit Choksi, an eminent Practising Chartered Accountant was appointed as Scrutinizer for conducting the postal ballot voting process. The details of voting pattern of the resolution are furnished hereunder :

A. RESULT OF THE SPECIAL RESOLUTION PASSED UNDER SECTION 17 OF THE COMPANIES ACT, 1956.

Total number of votes polled in favour of the resolution were 8736227 as against 55 votes polled against the resolution. Resolution was passed as Special Resolution.

The result of the Postal Ballot were announced by the Chairman of the Company on 21st October, 2003 at the Registered Office.

B. RESULT OF THE SPECIAL RESOLUTION PASSED UNDER SECTION 372A OF THE COMPANIES ACT, 1956.

Total number of votes polled in favour of the resolution were 15859291 as against 647093 votes polled against the resolution. Resolution was passed as Special Resolution.

The result of the Postal Ballot were announced by the Chairman of the Company on 12th March, 2004 at the Registered Office.



5. Dividend History (Equity Shares)

Year	Rate	Per Share (Rs.)	Amount (Rs. in lacs)#
1996-97*	30.00%	3	222.44
1997-98	30.00%	3	330.71
1998-99	30.00%	3	330.71
1999-00*	30.00%	3	415.60
2000-01	30.00%	3	661.42
2001-02	30.00%	3	661.42
2002-03	30.00%	3	661.42
2003-04 (Proposed)	40.00%	4	881.89

* Bonus issue in proportion of 1 : 1 # Excluding dividend tax

6. Disclosure

- a) No transaction of material nature has been entered by the Company during the year with its Promoters, Directors, Subsidiaries or Management and their relatives etc. that may have potential conflict with the interest of the Company at large. Transactions with the related parties are disclosed in the note no. 38 of the Schedule 20 to the Accounts in the Annual Report.
- b) The Company has complied with the requirements of the Stock Exchanges, SEBI and Statutory Authorities on all matters related to the capital markets during the last three years. No penalties or strictures were imposed by SEBI, Stock Exchanges or any statutory authorities on matters relating to capital markets during the last three years. However, the Company had approached the Central Government for compounding of the alleged violations arose out of inspection under Section 209A of the Companies Act, 1956. The said applications have been disposed off.

7. Means of Communication

- a) The Company presently does not send its half-yearly report to each household of shareholders. The quarterly and half-yearly results are published in newspapers. These are also posted on the Company's website.
- b) In compliance with Clause 41 of the Listing Agreement, the Company sends the quarterly / half-yearly / audited results to the Stock Exchanges within 15 minutes of the end of the Board Meetings at which they are taken on record. First quarterly results of the Company were published in the Loksatta Jansatta (G) and Business Standard (E), second quarterly results of the Company were published in the Business Standard (E) and Loksatta Jansatta (G), third quarterly results of the Company were published in Business Standard (E) and Loksatta Jansatta (G) news papers. Audited results for the year ended on 31st March, 2004 were published in Business Standard (E) & Loksatta Jansatta (G).
- c) Quarterly / Annual results have been posted on the Company's website www.adanigroup.com.
- d) As per requirements of Clause 51 of the Listing Agreement, all the data related to quarterly financial results, shareholding pattern etc. is posted on the SEBI EDIFAR website www.sebi.gov.in within the time prescribed in this regard.
- e) All the official news releases and presentations on significant developments in the Company are hosted on Company's website and provided to the analysts and the press simultaneously.
- f) The Management Discussion and Analysis Report is attached with the Directors Report in this Annual Report.

8. General Shareholder Information

A. Annual General Meeting

Date	Time	Venue
3rd July, 2004	11.00 a.m.	Fortune Hotel Landmark, Usmanpura, Ashram Road, Ahmedabad - 380013

B. Financial Calendar (April – March) :

(tentative and subject to change)

Quarterly Results for the period ending

June 30, 2004 (unaudited)	: July end, 2004
September 30, 2004 (unaudited)	: October end, 2004
December 31, 2004 (unaudited)	: January end, 2005
March 31, 2005 (unaudited)	: May end, 2005
March 31, 2005	: Audited Results are declared in June, 2005 as permitted in listing agreement.
Limited Review by the Auditors	: August end, 2004 November end, 2004 February end, 2005

C. Date of Book Closure :

30th June, 2004 to 2nd July, 2004 (both days inclusive)

D. Dividend Payment Date :

On or before 7th July, 2004.

E. Listing on Stock Exchanges :

The Equity Shares of the Company are listed on the following Exchanges :

Ahmedabad Stock Exchange (ASE) Kamdhenu Complex, Opp. Sahajanand College Panjrapole, Ahmedabad 380 015	The Stock Exchange, Mumbai (BSE) P. J. Towers, Dalal Street, Fort, Mumbai - 400 001
National Stock Exchange of India Ltd. (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051	

The Company confirms that it has paid annual listing fees due to all the above Stock Exchanges for the financial year 2003-04.

F. Stock Code :

- The Stock Exchange, Mumbai (BSE) : 512599
- National Stock Exchange (NSE) : ADANIEXPO
- Ahmedabad Stock Exchange (ASE) : 01378

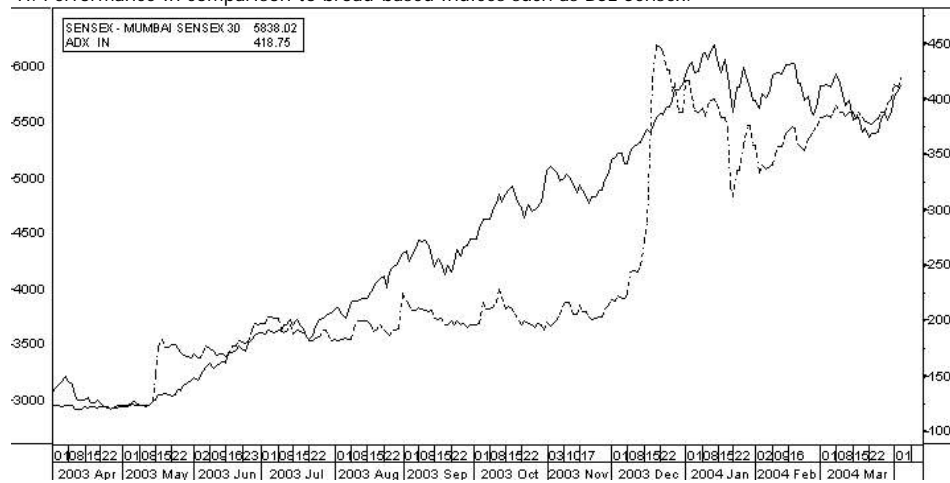


G. Market Price Data : High, Low during each month in financial year 2003-04.

Month	BSE		NSE		ASE	
	High	Low	High	Low	High	Low
April	127.00	118.00	125.25	112.00	NT	NT
May	190.00	121.00	187.45	121.00	NT	NT
June	204.91	165.00	204.90	165.15	NT	NT
July	208.91	180.25	208.90	180.15	NT	NT
August	205.00	178.50	205.45	180.00	NT	NT
September	228.70	190.10	231.00	191.50	NT	NT
October	237.95	188.00	238.00	190.00	NT	NT
November	221.45	194.00	227.00	194.00	NT	NT
December	478.00	212.75	478.70	212.10	NT	NT
January	450.00	310.00	435.00	301.40	NT	NT
February	394.56	327.50	383.00	328.05	NT	NT
March	409.00	375.00	410.50	372.30	NT	NT

NT : Not Traded

H. Performance in comparison to broad-based indices such as BSE SENSEX.



BSE SENSEX



AEL SENSEX

(Source : Bloomberg)

I. Registrar and Transfer Agents :

Pinnacle Share Registry Private Ltd. (Unit : Adani Exports Limited) Contact Person : Shri Gautam V. Shah
Near Asoka Mills Ltd., Naroda Road, Ahmedabad - 380 025
Tel: +91-79-22200582, 22200338. Fax: +91-79-22202963. E-mail : gautam.shah@psrpl.com

J. Share Transfer System :

The Share Transfer Committee of the Company comprises of Mr. Gautam S. Adani, Mr. Rajesh S. Adani and Mr. Vasant S. Adani, Executive Directors of the Company. The committee attends the share transfer formalities at least once in a fortnight. The Company has complied with the requirements under the Listing Agreement regarding transfer of shares, other matters related to shares and despatch of share certificates to the Shareholders. The share transfer requests in physical form and other shares related issues are processed and despatched to the respective lodgers within the statutory period provided the documents are complete in all respects. Invalid requests are returned together with the reasons of objection within two weeks of the date of receipt. Confirmation in respect of dematerialisation is sent to the respective depositories, i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 15 days.

K. Dematerialisation of Shares and Liquidity :

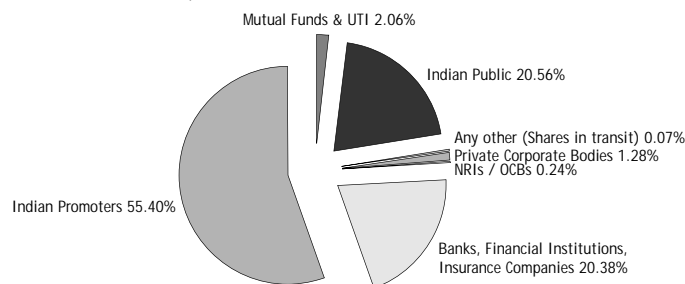
The Company's shares are currently traded only in dematerialised form at three stock exchanges viz. ASE, BSE and NSE. To facilitate trading in dematerialised form, the Company has tied up arrangements with both the present depositories, i.e. National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). As on March 31, 2004 204,99,388 Shares of the Company, forming 92.98% of the Share Capital of the Company, stand dematerialised.

L. Distribution of Shareholding as on March 31, 2004.

Number of shares	Number of shareholders		Equity Shares held in each category	
	Holder's	% of Total	Total Shares	% of Total
1 to 500	3981	89.84	539742	2.45
501 to 1000	194	4.38	149627	0.68
1001 to 2000	93	2.10	137212	0.62
2001 to 3000	24	0.54	57877	0.26
3001 to 4000	11	0.25	39900	0.18
4001 to 5000	8	0.18	37470	0.17
5001 to 10000	35	0.79	243933	1.11
10001 and above	85	1.92	20841639	94.53
In transit in NSDL system	-	-	-	-
TOTAL	4431	100.00	22047400	100.00



M. Shareholding Pattern as on 31st March, 2004 :



- N. Outstanding GDRs/ADRs/Warrants or any convertible instruments conversion date and likely impact on equity.
There were no outstanding GDRs/ADRs/Warrants or any convertible instruments as at 31st March, 2004, as the Company has not issued the same.
- O. Plant Locations :
The Company is a Golden Super Star Trading House engaged in export/import of goods and is having no plants.
- P. Address for correspondence :
The shareholders may address their communications / suggestions / grievances / queries to :
Ms. Birva C. Patel
Company Secretary
Adani Exports Ltd.
"Adani House", Near Mithakhali Six Roads, Navarangpura, Ahmedabad 380 009
Tel No. (079) 25555 555, 26565 555, 25555 365(DID). Fax No. (079) 26565 500, 25555 500
Email address : birva@adanigroup.com

Auditors' Certificate on Corporate Governance

The Members,
The Adani Exports Limited

We have examined the compliance of conditions of Corporate Governance by Adani Exports Limited, for the year ended on March 31, 2004, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Share Registrars and reviewed by the Shareholders/Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For DHARMESH PARIKH & CO.
Chartered Accountants

(D. A. PARIKH)
Proprietor

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004



AUDITOR'S REPORT

To
The Members,
Adani Exports Limited.

We have audited the attached Balance Sheet of Adani Exports Limited as at 31st March, 2004 and also the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow statement for the year ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our comments in the annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet, Profit & Loss account and Cash Flow Statement dealt with this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v) On the basis of written representations received from the directors, as on 31st March, 2004, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2004;
 - b) in the case of Profit & Loss account, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow statement, of the cash flows for the year ended on that date.

For DHARMESH PARIKH & CO.
Chartered Accountants
D. A. PARIKH
Proprietor

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004

Annexure referred to in paragraph 1 of our Auditor's Report of even date on the accounts for the year ended 31st March, 2004 of Adani Exports Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The same are in the process of being updated;
- (b) As explained to us, fixed assets, according to the practice of the Company, are physically verified by the Management at reasonable intervals, in a phased verification-programme, which, in our opinion, is reasonable, looking to the size of the Company and the nature of its business.
- (c) As the Company has disposed off an insignificant part of the fixed assets during the year, paragraph 4(i)(c) of the Companies (Auditors' Report) Order, 2003 (hereinafter referred to as the Order) is not applicable.
- (ii) (a) During the year, the inventories have been physically verified by the management, except for stocks lying with outside parties, which have, however, been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the record of inventories, we are of the opinion that, the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- iii) (a) (I) According to the information and explanation given to us, the Company had granted loan to seven companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 42.48 crores and the year end balance of loans granted to such parties was Rs. 17.22 crores. The Company has not granted loans to firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (II) According to the information and explanation given to us, the Company had taken loan from a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 0.22 crore and the year end balance of loan taken by such party was Rs. 0.22 crore. The Company has not taken loans from firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from/granted to companies listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.



- (c) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest. The parties have repaid the principal amounts as stipulated and have been regular in the payment of interest.
- (d) There is no overdue amount of loans taken from or granted to companies listed in the register maintained under section 301 of the Companies Act, 1956.
- (iv) According to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the Management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
(b) In respect of transactions with parties with whom transactions exceeding value of Rupees five lakhs have been entered into during the financial year are reasonable except in some of the transactions, for which no comments is being made owing to the unique and specialized nature of the items involved and absence of any comparable prices. For price justification reliance is placed on the information and explanation given by the Management.
- (vi) The Company has not accepted deposits from the public within the meaning of section 58A of the Companies Act, 1956 and the Rules framed thereunder. We are informed that no order has been passed by the Company Law Board.
- (vii) The Company has an internal audit system which, in our opinion is commensurate with its size and the nature of its business.
- (viii) The maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 is not applicable to the Company.
- (ix) (a) As explained to us, the statutory dues payable by the Company comprise of provident fund, investors education protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess, octroi, entry tax, purchase tax, municipal tax and other applicable statutory dues. According to the records of the Company, the Company is regular in depositing undisputed statutory dues with the appropriate authorities though there has been some delay in a few cases of TDS and sales tax for the month of August, 2003, which were not in arrears at the end of the financial year. There are no undisputed statutory dues as referred to above as at March 31, 2004 outstanding for a period of more than six months from due date they become payable.
(b) According to the records of the Company and representation made by the Management, the following are the disputed amounts in respect of various statutes:

Name of Statute	Nature of the dues	Amount (Rs. in Crores)	Forum where dispute is pending
Income Tax Act, 1961	Additions made in regular assessment	36.95	Commissioner of Income Tax (Appeal)
Central Sales Tax Act, 1956	Sales against sales tax declaration forms	0.92	Dy. Commissioner of Sales Tax
Central Sales Tax Act, 1956	Sales against sales tax declaration forms	0.04	Delhi Tribunal
Bombay Sales Tax Act, 1959	Sales against sales tax declaration forms	0.03	Dy. Commissioner of Sales Tax.
Gujarat Sales Tax Act, 1969	Sales against sales tax declaration forms	0.07	Dy. Commissioner of Sales Tax.
Custom Act, 1962	Valuation of various products	Amount unascertainable	With various appellate authorities
Custom Act, 1962	Valuation of Coal	0.92	Assistant Commissioner of Customs
Custom Act, 1962	Valuation of Petroleum, Chemicals, Oil & Lubricants.	2.37	Commissioner of Customs
Custom Act, 1962	Valuation of Petroleum, Oil & Lubricants.	0.81	Special valuation bench
West Bengal Sales Act	Sales tax liability	0.13	West Bengal Commercial Tax Department.

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the Management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank and debenture holders.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In respect of dealing in securities and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The securities and other investments have been held by the Company in its own name except to the extent of the exemption granted under section 49 of the Act.
- (xv) In respect of guarantees given by the Company for loans taken by others from banks, the terms and conditions are prima facie not prejudicial to the interest of the Company.
- (xvi) In our opinion, the term loans raised during the year have been applied for the purpose for which they were raised.
- (xvii) According to the Cash Flow Statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have not, prima facie, been used during the year for long term investment and vice versa, except permanent working capital.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, paragraph 4(xviii) of the Order is not applicable.
- (xix) Proper securities have been created in respect of debentures issued.
- (xx) During the year, since the Company has not raised money by way of public issue, paragraph 4(xx) of the Order is not applicable.
- (xxi) Based upon the audit procedures performed and information and explanations given by the Management, we report that, no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended 31st March, 2004.

For DHARMESH PARIKH & CO.
Chartered Accountants

D. A. PARIKH
Proprietor

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004



BALANCE SHEET AS AT 31ST MARCH, 2004

(Rs. in Crores)

PARTICULARS	SCHEDULE	AS AT 31-03-2004		AS AT 31-03-2003	
A SOURCES OF FUNDS :					
I. SHAREHOLDERS' FUND					
(A) Share capital	1	32.05		32.05	
(B) Reserves & surplus	2	591.67		518.63	
			623.72		550.68
II. LOAN FUNDS					
(A) Secured loans	3	576.30		382.30	
(B) Unsecured loans	4	86.24		38.61	
			662.54		420.91
III. DEFERRED TAX LIABILITY					
Deferred tax liability		4.27		3.71	
Less :					
Deferred tax assets		1.47		0.86	
			2.80		2.85
TOTAL			1,289.06		974.44
B APPLICATION OF FUNDS :					
I FIXED ASSETS					
(A) Gross block	5	43.41		43.39	
(B) Less : Depreciation		9.80		9.24	
(C) Net block		33.61		34.15	
(D) Capital work-in-progress		2.40		2.77	
			36.01		36.92
II. INVESTMENTS	6		69.38		78.02
III. CURRENT ASSETS, LOANS & ADVANCES					
(A) Inventories	7	219.47		77.46	
(B) Receivables	8	1,453.81		1,006.57	
(C) Cash & bank balances	9	199.63		104.48	
(D) Loans & advances	10	214.78		209.89	
		2,087.69		1,398.40	
LESS :-					
CURRENT LIABILITIES & PROVISIONS					
(A) Current liabilities	11	887.26		526.12	
(B) Provisions	12	17.68		12.78	
		904.94		538.90	
NET CURRENT ASSETS			1,182.75		859.50
IV. MISCELLANEOUS EXPENDITURE	13		0.92		-
TOTAL			1,289.06		974.44

Notes forming part of the accounts
As per our attached report of even date

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For and on behalf of the Board

For DHARMESH PARIKH & CO.
Chartered Accountants

GAUTAM S. ADANI
Chairman

D. A. PARIKH
Proprietor

BIRVA C. PATEL
Company Secretary

RAJESH S. ADANI
Managing Director

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

(Rs. in Crores)

PARTICULARS	SCHEDULE	2003-04		2002-03	
A INCOME :					
Sales & Operating earnings	14		7,078.35		2,811.90
Other income	15		76.98		60.37
			<u>7,155.33</u>		<u>2,872.27</u>
B EXPENDITURE :					
Cost of materials	16		6,661.67		2,624.34
Personnel expenses	17		7.99		5.73
Operation & other expenses	18		314.18		111.36
Misc.expenditure written off			0.23		-
Interest	19		44.32		38.14
Depreciation			1.79		1.86
			<u>7,030.18</u>		<u>2,781.43</u>
Profit for the year before Prior Period Adjustments			125.15		90.84
Add / (Less) : Prior period adjustment			(0.06)		0.08
- Excess / short provision written back			1.05		-
Profit for the year before taxation			126.14		90.92
Provision for taxation:					
- Current Tax (Including Wealth Tax of Rs. 0.03 Crores P.Y. Rs. 0.03 Crores excess provision (net) of earlier year Rs. 2.32 Crores P.Y. short provision of Rs. 0.71 Crores)			2.10		3.06
- Deferred Tax			(0.05)		(0.48)
Profit after taxation			124.09		88.34
Add : Surplus brought forward from previous year			186.37		164.43
Profit available for appropriation			<u>310.46</u>		<u>252.77</u>
APPROPRIATIONS :					
Interim dividend on preference shares			0.99		1.43
Dividend on preference shares			0.01		0.01
Proposed dividend on equity shares			8.82		6.61
Tax on dividend (including surcharge)			1.26		0.85
Transfer to general reserve			60.00		40.00
Transfer to preference shares redemption reserve			-		10.00
Transferred to debenture redemption reserve			-		7.50
Balance carried to balance sheet			239.38		186.37
			<u>310.46</u>		<u>252.77</u>
Earning per Share (Rs.)					
- Basic & Diluted			55.77		39.42
- Annualised			55.77		39.42

Notes forming part of the accounts
As per our attached report of even date

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For and on behalf of the Board

For DHARMESH PARIKH & CO.
Chartered Accountants

GAUTAM S. ADANI
Chairman

D. A. PARIKH
Proprietor

BIRVA C. PATEL
Company Secretary

RAJESH S. ADANI
Managing Director

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004



SCHEDULES 1 TO 13 FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2004

(Rs. in Crores)

PARTICULARS	AS AT 31-03-2004		AS AT 31-03-2003	
SCHEDULE : 1				
SHARE CAPITAL				
AUTHORISED				
5,00,00,000 (Previous year 5,00,00,000) Equity Shares of Rs. 10/- each		50.00		50.00
5,00,00,000 (Previous year 5,00,00,000) Preference Shares of Rs. 10/- each		50.00		50.00
		<u>100.00</u>		<u>100.00</u>
ISSUED, SUBSCRIBED & PAID-UP				
2,20,47,400 (Previous year 2,20,47,400) Equity Shares of Rs. 10/- each		22.05		22.05
1,00,00,000 (Previous year 1,00,00,000) 9.9% Cumulative Redeemable Preference Shares - Series VII of Rs. 10/- each.		10.00		10.00
		<u>32.05</u>		<u>32.05</u>
NOTES :				
of the above :				
i 5,00,000 (Previous Year 5,00,000) Equity Shares of Rs. 10/- each were allotted as fully paid up at premium without payment being received in cash pursuant to the scheme of amalgamation as approved by the High Court of Gujarat.				
ii 5,00,000 (Previous year 5,00,000) Equity Shares were issued as Bonus Shares by capitalization of profit.				
iii 1,65,35,500 (Previous year 1,65,35,500) Equity Shares were issued as Bonus Shares by capitalization of share-premium.				
SCHEDULE : 2				
RESERVES & SURPLUS				
1 GENERAL RESERVE				
As per last balance sheet		275.13		250.00
ADD :- Transferred during the year from profit & loss account		60.00		40.00
ADD :- Preference share redemption reserve written back		-		20.00
ADD :- Debenture redemption reserve written back		25.00		-
ADD :- Reserve under section 33AC under IT Act written back		7.50		-
LESS :- Transferred to profit & loss account in respect of bad-debts (see Note no. B-6)		39.97		34.87
		<u>327.66</u>		<u>275.13</u>
2 PREFERENCE SHARE REDEMPTION RESERVE				
As per last balance sheet		10.00		20.00
LESS :- Transfer to general reserve		-		20.00
ADD :- Transferred during the year from profit & loss account		-		10.00
		<u>10.00</u>		<u>10.00</u>
3 DEBENTURE REDEMPTION RESERVE				
As per last balance sheet		30.00		22.50
Created during the year		-		7.50
Transfer during the year		25.00		-
		<u>5.00</u>		<u>30.00</u>
4 SHARE PREMIUM ACCOUNT				
As per last balance sheet		9.63		9.63
		<u>9.63</u>		<u>9.63</u>
5 RESERVE UNDER SECTION 33AC OF INCOME-TAX ACT, 1961 :				
As per last balance sheet		7.50		7.50
Less :- Transferred to general reserve		7.50		-
		<u>-</u>		<u>7.50</u>
6 SURPLUS IN PROFIT & LOSS ACCOUNT				
		239.38		186.37
		<u>591.67</u>		<u>518.63</u>



(Rs. in Crores)

PARTICULARS	AS AT 31-03-2004		AS AT 31-03-2003	
SCHEDULE : 3				
SECURED LOANS				
1 From banks - term loans (Note I to III)				
a) Foreign currency loan (ECB)		22.23		9.50
b) Rupee loan		189.08		66.13
2 From banks - working capital (Note I & II)				
a) Foreign currency		36.92		-
b) Rupee		322.45		273.75
3 Non convertible debentures (Note - IV)		5.00		30.00
4 Vehicle loans (Note - V)		0.60		-
5 Interest accrued and due		0.02		2.92
		576.30		382.30
NOTES :				
I Above facilities are secured by :				
a) Hypothecation of the stocks and book debts by way of first charge ranking pari-passu among the banks.				
b) Tangible movable properties ranking pari-passu among the banks.				
c) Guaranteed by some of the Directors and their relatives in their personal capacity.				
d) Pledge of 1,00,00,000 equity shares of Gujarat Adani Port Ltd. @ of Rs. 80/- each.				
II Further secured by creation of Equitable Mortgage:				
a) Over certain immovable properties belonging to some of the Directors and their relatives to secure the ECB facilities from State Bank of India by way of first charge and FCL from Bank of India by second pari-passu charge.				
b) Over certain immovable properties belonging to the Company.				
c) Over certain immovable properties belonging to Adani Properties Pvt. Ltd.				
III Term loan refer to in I (b) above to the extent outstanding are secured by second pari passu charge.				
a) Over movable assets of the Company,				
b) Over certain immovable properties by creation of equitable mortgage as mentioned in Note No. II b) & c) above and pledge of shares held by some of the Directors and their relatives and guaranteed by some of the Directors and their relatives in their personal capacity.				
IV a) 15,00,000 privately placed 14.50% secured redeemable non convertible debentures of Rs. 100/- each allotted w.e.f. 29th December 1999, are redeemable at par in three equal annual installments on 29th December 2002, 29th December 2003 & 29th December 2004 respectively. Out of which first and second installment of Rs. 5 crores each (15,00,000 14.50% secured redeemable non-convertible debentures of Rs. 33.33/- each) have been redeemed on their due date i.e. 29th December, 2002 and 29th December, 2003 respectively.				
b) 20,00,000 privately placed 13.50% secured redeemable non convertible debentures of Rs. 100/- each allotted with effect from 28th July, 2000 were redeemable at par at the end of 36 months from the date of allotment which were fully redeemed on 28th July, 2003.				
c) The above debentures are secured by pledge of shares of some of the Directors and their relatives and by way of mortgage and exclusive charges on some immovable properties of the Company.				
V Vehicles loans are secured by hypothecation of respective vehicles				
SCHEDULE : 4				
UNSECURED LOANS				
Inter corporate loans		26.65		0.92
Loans from banks / financial institutions (Note)		59.59		37.13
Interest accrued and due		-		0.56
		86.24		38.61
NOTE :-				
Above loans from financial institutions/banks are secured by demand promissory note, pledge of shares of some of the Directors and their relatives and guaranteed by some of the Directors in their personal capacity.				



SCHEDULE : 5

FIXED ASSETS

(Rs. in Crores)

Sr. No.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As at 01/04/03	Additions during the year	Deductions during the year	As at 31/03/04	As at 01/04/03	Provided for the year	Deductions during the year	As at 31/03/04	As at 31/03/04
1	Land	5.52	0.30	-	5.82	-	-	-	5.82	5.52
2	Building	17.36	0.42	0.18	17.60	1.51	0.29	0.02	1.78	15.85
3	Plant & machinery	0.79	0.12	-	0.91	0.24	0.04	-	0.28	0.54
4	Furniture & fixtures	5.72	0.16	0.01	5.87	1.96	0.38	-	2.34	3.76
5	Electric fittings & installations	1.03	0.02	-	1.05	0.27	0.05	-	0.32	0.76
6	Office equipment	3.31	0.31	0.08	3.54	0.79	0.18	0.03	0.94	2.53
7	Computer equipment	2.51	0.13	-	2.64	1.67	0.27	-	1.94	0.84
8	Vehicles	7.15	0.95	2.12	5.98	2.80	0.58	1.18	2.20	4.35
	Total	43.39	2.41	2.39	43.41	9.24	1.79	1.23	9.80	33.61
	Previous year	44.06	0.65	1.32	43.39	7.86	1.86	0.48	9.24	34.15

(Rs. in Crores)

PARTICULARS	AS AT 31-03-2004		AS AT 31-03-2003	
SCHEDULE : 6				
INVESTMENTS				
NON-TRADE LONG-TERM INVESTMENTS				
GOVERNMENT SECURITIES (UNQUOTED)				
(Lodged with government departments)				
- in 6 years National Saving Certificates				
- in Kisan Vikas Patra (Rs. 500/-)				
INVESTMENT IN SUBSIDIARY COMPANIES (UNQUOTED)				
1)	NIL (2,50,000) fully paid up equity shares of Adani Chemicals Ltd. of Rs. 10/- each			0.25
2)	64,000 (64,000) fully paid up equity shares of Adani Global Ltd. of \$ 100/- each	30.90		30.90
3)	32,790 (36,000) fully paid up 10% redeemable preference shares of Adani Global Ltd. of \$ 100/- each.	13.27		14.46
OTHERS (UNQUOTED)				
1)	NIL (14,23,300) fully paid up equity shares of Adani Port Ltd. of Rs. 10/- each			1.42
2)	1,28,83,950 (1,28,83,950) equity shares of Adani Wilmar Ltd. of Rs. 10/- each	12.88		12.88
3)	NIL (500) fully paid up units of Rs. 10/- each of GIC Mutual Fund			0.00
4)	10 (10) equity shares of Coffee Futures Exchange Board India Ltd. of Rs. 10,000/- each	0.01		0.01
5)	NIL (1,55,00,000) fully paid up equity shares of Gujarat Adani Port Ltd. of Rs. 10/- each			15.50
6)	NIL (26,000) equity shares of Adani Container (Mundra) Terminals Ltd. of Rs. 10/- each fully paid up			0.26
7)	5 (5) Bond of UCO Bank of Rs. 5,00,000/- each	0.25		0.25
8)	2,600 (2,600) equity shares of Adani Petronet (Dahej) Port Pvt. Ltd. of Rs. 10/- each (Rs. 26,000/-)	0.00		0.00
9)	20,000 (NIL) equity shares of Kalupur Commercial Co-op. Bank of Rs. 25/- each	0.05		-
OTHERS (QUOTED)				
1)	NIL (3,350) fully paid up equity shares of State Bank of Travancore of Rs. 100/- each			0.20
2)	NIL (1,35,578) fully paid up equity shares of Indusind Bank Ltd. of Rs. 10/- each			0.61
3)	NIL (6,91,838) equity shares of IFCI of Rs. 10/- each fully paid up			0.70
4)	NIL (1,84,744) fully paid up equity shares of PNB Gilts Ltd. of Rs. 30/- each			0.56
5)	NIL (5,33,450) fully paid up equity shares of Unicorn Industries Ltd. of Rs. 10/- each		2.67	
	LESS :- Provision for diminution in value		2.67	
SHORT TERM INVESTMENTS				
1)	2361330.846 (NIL) units of Kotak Mahindra K Liquid IP of Rs. 10/- each	3.00		-
2)	2000000 (NIL) units of Reliance Liquid Fund of Rs. 10/- each	2.00		-
3)	6757474.249 (NIL) units of UTI Mutual Liquid Fund of Rs. 10/- each	7.00		-
		69.38		78.02
Aggregate book value	- Quoted			2.06
	- Unquoted	69.38		75.96
Aggregate market value	- Quoted			1.01



PURCHASED AND SOLD DURING THE YEAR	Face value (Rs.)	Nos. (in Crs.)	Cost
1) Grindlays Cash Fund Inst. Plan B - Growth	10	0.425	5.000
2) Grindlays Cash Fund Daily dividend	10	0.907	10.006
3) Grindlays Cash Fund Growth	10	0.740	8.500
4) Grindlays Floating Rate Fund Daily Dividend	10	0.695	7.003
5) HDFC Cash Management Fund	10	2.767	34.000
6) HDFC Cash Management Fund	10	0.381	5.000
7) HDFC Floating Rate	10	0.473	5.000
8) IL & FS Liquid Fund	10	1.329	15.000
9) Kotak Mahindra K Liquid IP	10	1.988	23.500
10) Principal Assets Management Co. Ltd	10	0.091	1.000
11) Prudential ICICI Liquid Plan	10	1.704	26.000
12) Prudential ICICI Liquid Fund	10	0.495	6.000
13) Reliance Liquid Fund	10	0.524	8.000
14) SBI Mutual Fund	10	0.571	6.000
15) Franklin Templeton India Liquid Fund	10	0.949	18.500
16) UTI AMC	10	0.695	7.000
17) UTI Mutual Fund Liquid Fund	10	7.270	74.500
18) Gujarat State Export Corporation	10	0.001	4.578
19) Gujarat Adani Port Ltd. Preference Shares	10	0.073	73.084

(Rs. in Crores)

PARTICULARS	AS AT 31-03-2004		AS AT 31-03-2003	
SCHEDULE : 7				
INVENTORIES (AS CERTIFIED BY THE MANAGEMENT)				
Raw-materials		-		0.20
Finished goods		219.47		73.94
Licences		-		3.32
		<u>219.47</u>		<u>77.46</u>
SCHEDULE : 8				
RECEIVABLES (UNSECURED, CONSIDERED GOOD)				
Over six months		-		-
Considered good	182.73		323.45	
Considered doubtful	3.06		-	
	<u>185.79</u>		<u>323.45</u>	
Less :- Provision for doubtful debts	3.06	182.73	-	323.45
Others, considered good		<u>1,271.08</u>		<u>683.12</u>
		<u>1,453.81</u>		<u>1,006.57</u>
SCHEDULE : 9				
CASH & BANK BALANCES				
Cash on hand (Including cheques on hand-Rs.3.39 crores, previous year Rs. 4.96 crores)		3.96		5.42
Balances with Scheduled Banks :-				
In Margin money account :				
- Margin money account (lodged against bank guarantee & letter of credit)	98.97		89.59	
- Margin money account (net of 100% letter of credit)	46.39		-	
- Margin money account (net of buyers credit facility)	14.01	159.37	-	89.59
In fixed deposit account (pledged with govt. authorities)		0.05		-
In current account		30.02		9.38
In over draft / cc account		5.78		-
In EEFC account		0.36		-
In unclaimed dividend account		0.09		0.09
		<u>199.63</u>		<u>104.48</u>



PARTICULARS	(Rs. in Crores)	
	2003-04	2002-03
SCHEDULE : 10		
LOANS & ADVANCES (UNSECURED, CONSIDERED GOOD)		
Loans	17.23	5.72
Advances recoverable in cash or kind or for value to be received	175.35	187.94
Interest accrued but not due	12.14	2.90
Interest accrued and due on investments	0.01	0.01
Advance payment of income tax (Including TDS of Rs. 7.18 crores, previous year Rs. 13.32 crores)	10.05	13.32
	<u>214.78</u>	<u>209.89</u>
SCHEDULE : 11		
CURRENT LIABILITIES		
Sundry creditors	871.63	482.37
Other liabilities	15.29	43.60
Unclaimed dividend	0.09	0.09
Interest accrued but not due	0.25	0.06
	<u>887.26</u>	<u>526.12</u>
SCHEDULE : 12		
PROVISIONS		
Provision for taxation	6.91	4.84
Provision for leave encashment	0.69	0.47
Proposed dividend	8.82	6.62
Tax on dividend (including surcharge)	1.26	0.85
	<u>17.68</u>	<u>12.78</u>
SCHEDULE : 13		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Deferred revenue expenditure	1.15	-
Less: 1/5th written off during the year	0.23	-
	<u>0.92</u>	<u>-</u>



SCHEDULES 14 TO 19 FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

PARTICULARS	(Rs. in Crores)	
	2003-04	2002-03
SCHEDULE : 14		
SALES & OPERATING EARNINGS		
Sales	6,782.64	2,727.97
Export incentives	201.25	11.35
Commission & other charges (TDS Rs. 1.23 crores, P.Y. Rs. 0.46 crores)	67.17	66.62
Insurance claim received	0.12	-
Miscellaneous income	27.17	5.96
	<u>7,078.35</u>	<u>2,811.90</u>
SCHEDULE : 15		
OTHER INCOME		
Dividend (gross)	0.02	0.07
Dividend from subsidiary company	1.79	0.70
Interest on investments	0.03	-
Profit / Loss on sale of investments (net)	73.14	59.60
Profit on surrender of rights	2.00	-
	<u>76.98</u>	<u>60.37</u>
SCHEDULE : 16		
COST OF MATERIALS		
Raw material consumed		
Opening stock	0.20	0.07
ADD : Purchases during the year	10.63	19.31
	<u>10.83</u>	<u>19.38</u>
LESS : Closing stock	-	0.20
	<u>10.83</u>	<u>19.18</u>
ADD : Processing charges	6.24	9.03
	<u>17.07</u>	<u>28.21</u>
Purchase of traded goods	6,786.81	2,548.20
Decrease / (Increase) in stock		
Opening stock of finished / traded goods	77.26	125.19
Closing stock of finished / traded goods	219.47	77.26
	<u>(142.21)</u>	<u>47.93</u>
	<u>6,661.67</u>	<u>2,624.34</u>
SCHEDULE : 17		
PERSONNEL EXPENSES		
Salaries & bonus	6.64	4.52
Contribution to provident & other funds	0.98	0.78
Staff welfare expenses	0.37	0.43
	<u>7.99</u>	<u>5.73</u>



(Rs. in Crores)

PARTICULARS	2003-04		2002-03	
SCHEDULE : 18				
OPERATION & OTHER EXPENSES				
Rent		0.63		0.69
Rates & taxes		8.60		2.12
Postage, telephone & telex expenses		1.76		1.71
Stationery & printing expenses		0.48		0.38
Bank commission / charges		18.50		16.86
REPAIRS TO :				
Office building	0.24		0.13	
Office equipments	0.19		0.19	
Others	0.32		0.45	
		0.75		0.78
Electric power expenses		0.67		0.63
Insurance expenses		1.84		2.00
Miscellaneous expenses		26.71		15.35
Payment to auditors		0.13		0.13
Office expenses		0.17		0.10
Directors sitting fees		0.02		0.02
Loss / Profit on sale of assets (net)		0.33		0.06
Clearing & forwarding expenses		57.06		38.80
Packing expenses		1.33		3.95
Supervision & testing expenses		2.93		3.78
Advertising & sales promotion expenses		1.35		0.26
Bad-debts written-off (net of recovery Rs. 0.50 crores, PY Rs. 0.63 crores)	39.97		34.87	
LESS :- Transferred from general reserve (see Note no. B-6)	39.97	-	34.87	-
Provision for bad & doubtful debts		3.06		-
Brokerage, commission & service charges		182.61		9.09
Travelling & conveyance expenses		5.25		3.40
Exchange rate difference		-		11.25
		<u>314.18</u>		<u>111.36</u>
SCHEDULE : 19				
INTEREST EXPENSES				
Interest on term loan	14.27		21.52	
Interest on debentures	2.57		-	
Interest on bank borrowings & others	69.06		56.58	
		85.90		78.10
LESS : INTEREST INCOME				
Interest on deposit & others (gross) TDS of Rs. 1.84 crores (previous year Rs. 2.33 crores)		41.58		39.96
		<u>44.32</u>		<u>38.14</u>



SCHEDULE: " 20 "

NOTES FORMING PART OF THE ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES adopted by the Company in the preparation and presentation of the Accounts: -

a) SYSTEM OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, in accordance with Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, as adopted consistently by the Company. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis. The preparation of financial statements in conformity with Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period.

b) INVENTORIES

- i) Inventories are valued at lower of cost or net realisable value.
- ii) The Custom duty in respect of Closing Inventory of finished goods is included as cost of inventory.
- iii) The basis of determining cost for various categories of inventories are as follows:
 - a) Raw material : First in First out (FIFO)
 - b) Traded / Finished goods : First in First out (FIFO) / Specific identification of their individual costs – as the case may be.
 - c) Licences on hand : Specific identification of their individual costs

c) MATERIAL EVENTS

Material events occurring after the balance sheet date are taken into cognizance.

d) CONTINGENT LIABILITIES

All liabilities have been provided for in the accounts except liabilities of a contingent nature which have been disclosed at their estimated value in the notes on accounts.

e) PRIOR PERIOD ITEMS

Prior period expenses/income is accounted under the respective heads. Material items, if any, are disclosed separately by way of note.

f) DEPRECIATION

- i) Depreciation on fixed assets is provided on straight-line method at rates and in the manner specified in Schedule XIV to the Companies Act, 1956 read with the relevant circulars issued by the Department of Company Affairs.
- ii) Depreciation on assets acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition/disposal.

g) REVENUE RECOGNITION

- i) Sales of goods is recognised on shipment or despatch to customer sales and net of Sales-tax and return.
- ii) Dividend income from investments is recognised when the company's right to receive payment is established.
- iii) Income from services rendered is accounted for when the work is performed.
- iv) Interest revenues are recognised on time proportion basis taking into account the amount outstanding and the rate applicable.

h) FIXED ASSETS

Fixed assets are stated at cost of acquisition or construction. They are stated at historical cost less accumulated depreciation.

i) FOREIGN CURRENCY TRANSACTIONS

- i) Initial Recognition
Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.
- ii) Conversion
At the year-end, monetary items denominated in foreign currencies, other than those covered by forward contracts, are converted into rupee equivalents at the year end exchange rates.
- iii) Exchange Differences
All exchange differences arising on settlement and conversion on foreign currency transaction are included in the Profit and Loss Account, except in cases where they relate to the acquisition of fixed assets, in which case they are adjusted in the cost of the corresponding asset.
- iv) Forward Exchange Contracts
In respect of transactions covered by forward exchange contracts, the difference between the forward rate and the exchange rate at the date of the transaction is recognised as income or expense over the life of the contract, except where it relates to fixed assets, in which case it is adjusted in the cost of the corresponding asset.

j) INVESTMENTS

- i) Current investment are carried at the lower of cost and quoted/fair value, computed category wise. Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the Management.
- ii) Investment in shares of foreign subsidiary company is expressed in indian currency at the rates of exchange prevailing at the time when the investment was made.

k) RETIREMENT BENEFITS

- i) Provident Fund and Pension Fund: The Company contributes towards provident and pension fund which is administered by central government and are charged against revenue every year.
- ii) Gratuity and Superannuation Fund: Liabilities for payment of gratuity & super annuation to employees are covered through Group Gratuity & Super Annuation Scheme of Life Insurance Corporation of India and are charged against revenue every year.
- iii) Leave Encashment: The Company has provided the liabilities pertaining to accrued leave encashment as at the year end in its books of accounts on the basis of the actuarial valuer's certificate.

l) BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

m) SEGMENT ACCOUNTING

Accounting Standards Interpretation (ASI) 20 dated 14th February, 2004, issued by the Accounting Standards Board of the Institute of Chartered Accountants of India, on AS 17, Segment Reporting clarifies that in case, by applying the definitions of "business segment" and "geographical segment" given in AS 17, it is concluded that there is neither more than one business segment nor more than one geographical segment, segment information as per AS 17 is not required to be disclosed.



n) RELATED PARTY TRANSACTIONS

Disclosure of transactions with related parties, as required by Accounting Standard 18 "Related Party Disclosures" has been set out in a separate statement annexed to this schedule. Related parties as defined under clause 3 of the Accounting Standard have been identified on the basis of representations made by key managerial personnel and information available with the Company.

o) LEASES

The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godowns, etc.) and land. The leasing arrangements which are not cancellable range between 11 months and five years generally, and are usually renewable by mutual consent on agreed terms. The aggregate lease rentals payable are charged as rent including lease rentals.

p) EARNING PER SHARE

The Company reports basic and diluted earnings per share (EPS) in accordance with Accounting Standard-20 issued by the Institute of Chartered Accountants of India. The Basic EPS has been computed by dividing the income available to equity shareholders by the weighted average number of equity shares outstanding during the accounting year.

q) DEFERRED TAXATION

In accordance with Accounting Standard 22 – Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India, the deferred tax for timing differences between the book and tax profits for the year is accounted by using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date.

Deferred tax assets arising from timing differences are recognised to the extent there is virtual certainty that the assets can be realised in future.

Net outstanding balance in deferred tax account is recognized as deferred tax liability/asset. The deferred tax account is used solely for reversing timing difference as and when crystallised.

r) COMMODITY HEDGING TRANSACTIONS

The commodity hedging contracts are accounted on the date of their settlement & realised gain / loss in respect of settled contracts are recognised in the profit and loss account, together with the underlying transactions.

s) ACCOUNTING OF CLAIMS

i) Claims received are accounted at the time of lodgement depending on the certainty of receipt and claims payable are accounted at the time of acceptance.

ii) Claims raised by government authorities regarding taxes and duties, which are disputed by the Company, are accounted based on legality of each claim. Adjustments, if any are made in the year in which disputes are finally settled.

t) EXPORT INCENTIVES

i) Export benefits under duty entitlement pass book and duty draw back are accounted on accrual basis to the extent considered receivable.

ii) Benefit on account of entitlement to import duty free materials under the "Duty Exemption Pass Book Scheme" is recognised in the year of export.

u) PROPOSED DIVIDEND

Dividend proposed by the Directors is provided for in the books of account pending approval at the Annual General Meeting.

v) CAPITAL WORK-IN-PROGRESS

Advances paid towards the acquisition of fixed assets, and the cost of assets not put to use before the year ended, are disclosed under capital work-in-progress.

w) INSURANCE CLAIMS

Insurance and other claims to the extent considered recoverable are accounted for in the year of claim based on the amount assessed by the surveyor. However, claims and refunds whose recovery can not be ascertained with reasonable certainty, are accounted for on acceptance/actual receipts basis.

x) DOUBTFUL DEBTS/ADVANCES

Provision is made in the accounts for debts/advances which in the opinion of the management are considered doubtful of recovery.

y) MISCELLANEOUS EXPENDITURE:

Preliminary expenses are amortised over a period of five years.

(B) NOTES ON ACCOUNTS:-

1. Cumulative redeemable preference shares under series VII of the face value of Rs. 10/- each are redeemable at the end of five years from the date of allotment, being 10-06-2000. The Company has an option to redeem the preference shares any time after 4 years in case of series VII, from the date of issue at a par.

2. Buildings include cost of ownership accommodations including Rs. 3,250/- (Previous year Rs. 3,250/-), being cost of shares held in various Co-operative Societies.

3. Office premises of Rs. 3.75 crores, includes Rs. 2.32 crores represent unquoted shares (160 equity shares of A type and 1280 equity shares of B type of Rs. 100 each fully paid up) in Ruparelia Theatres P. Ltd. By virtue of investment in shares, the Company is enjoying rights in leasehold land and Rs. 1.44 crores, towards construction contribution and exclusive use of terrace and allotted parking space.

4. Capital work in progress includes:-

Building worth Rs. 0.65 crores (previous year Rs. 0.65 crores) has been disputed and the matter is sub-judice.

5. Capital Commitments:-

(Rs. in Crores)

Estimated amount of contracts remaining to be executed and not provided for	0.01	0.01
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6. During the year, balances in current assets which are long outstanding amounting to Rs. 39.97 crores (previous year Rs. 34.87 crores), net of recovery, have been identified as doubtful of recovery. The determination of this balance of written off amount is based on evaluation of individual advances, current economic conditions, viability and other factors and reflects an amount which, in management's judgement, is doubtful of recovery. Accordingly, the above amount in respect of outstanding dues representing transactions affected in past years during normal course of business has been debited to the profit & loss account. An equivalent amount has been withdrawn from the general reserve to offset this charge, as it pertains to past years.



7. Sundry creditors, sundry debtors and loans and advances include certain items for which confirmations are yet to be received and include certain long outstanding balances which are considered payable / realisable, as the case may be. Provision for doubtful debts, if any, in respect of above and the consequential adjustment, arising out of reconciliation will be made at the appropriate time.
8. Credit & Debit balances under a particular category are netted off while certain mutually discharging related debit & credit balances have also been netted off for effective presentation.
9. In the opinion of the Board, the current assets, loans and advances are approximately of the value stated, if realised in the ordinary course of business, except unless stated otherwise. The provision for all the known liabilities is adequate and not in excess of amount considered reasonably necessary.
10. Specific provisions for doubtful debts are made by provision charged to current revenue. The determination of the balance of the provisions is based on evaluation of individual advances, current economic conditions, viability and other factors and reflects an amount which in management's judgement is adequate to provide for potential losses.
11. Receivable includes: -
 - a) Amount due from a subsidiary company of Rs. 46.35 crores (previous year Rs. 55.94 crores)
 - b) Amount due from a company of Rs. NIL (previous year Rs. 0.50 crores) in which some of the Directors are interested.
12. Loans & Advances includes: -
 - (a) Amount due from erstwhile subsidiary companies of Rs. NIL (previous year Rs. 1.99 crores).
 - (b) Amount due from companies Rs. 35.99 crores (previous year Rs. 5.74 crores) in which some of the Directors of the Company are interested.
 - (c) Rs. NIL (previous year Rs. 5.00 crores) towards advance against promoter's contribution in a Company under the same management.
 - (d) Rs. 1.92 crore (previous year Rs. 0.01 crore) paid as advance against capital asset.
13. According to policy, duty free credit entitlement for the status holders having an annual incremental growth of more than 25% in the FOB value of exports in the year 2003-04 as compared to the exports made in 2002-03 (in free foreign exchange) will be entitled, which shall result in to certain benefits. Accordingly estimated import duty benefit against exports effected during the year are accounted as incentives accruing by way of duty free imports.
14. Export incentive receivable under pass book scheme which was disputed in respect of determination of value, has been decided by the Supreme Court in favour of the Company. Shortfall or excess, if any, will be taken into accounts as and when it is determined.
15. Margin money (deposit) account with scheduled banks are netted off against corresponding buyer's credit of Rs. 739.02 crores (previous year Rs. NIL)
16. During the year, the Company disinvested 1,55,00,000 (previous year 55,00,000) shares of Gujarat Adani Port Limited, 14,23,300 (previous year 23,40,000) shares of Adani Port Limited and 26,000 (previous year NIL) shares of Adani Container (Mundra) Terminal Limited, being long term investment (unquoted) & the resultant gain is credited to profit & loss account.
17. In respect of advances given by the Company to some of the parties for fulfilment of commitment, for non-fulfilment of commitment, the Company has taken legal action and is examining other options for recovery of the advances.
18. The Company has initiated legal proceedings against various parties for recovery of dues and such legal proceedings are at different stages as at the date of the balance sheet and are expected to materialise in recovering the dues in the future. Management is hopeful of their recovery. In the opinion of the management adequate balance lying in general reserve to meet the eventuality of this account being irrecoverable.
19. Unsecured loan includes:-
Rs. 0.22 crores (previous year Rs. 0.22 crores) from a Company in which one of the Director is interested.
20. Sundry creditors include amount due to the companies in which some of the directors are interested Rs. 5.34 crores (previous year Rs. NIL)
21. Other liabilities include
 - a) Rs. 0.05 crores (previous year Rs. 0.05 crores) received against agreement to sell of land pending other formalities.
 - b) Rs. NIL (previous year Rs. 3.81 crores) being temporary overdrawn balance in current account with scheduled banks.
 - c) Amount due to Company in which some of the Directors are interested Rs. 1.78 crores (previous year Rs. 0.23 crores)
 - d) Rs. 0.69 crores for liability against leave earned (leave liability actuarially valued at 31-3-2003 is Rs. 0.34 crores)
22. a) Provision for taxation for the year has been made after considering allowance, claims and relief's available to the Company as advised by the company's tax consultants.
b) Various tax related legal proceedings are pending against the Company. Potential liabilities, if any, have been adequately provided for, and management does not estimate any incremental liability in respect of legal proceedings.
c) No provision for income tax has been made on profit on sale of investments on which, relief is likely to be extended under the Income Tax Act, 1961 on the basis of expert opinion taken by the Company.
23. In view of the amendment of Section 115 O of the Income-Tax Act, 1961 in the Finance Act, 2003, tax on distributed profits (including on preference shares) of Rs. 1.26 crores, has been provided for during the current year (previous year Rs. 0.85 crores)
24. Contingent liabilities not provided for

(Rs. in Crores)

PARTICULARS	AS AT 31-03-2004	AS AT 31-03-2003
a) Claims against the Company not acknowledge as debts	36.95	3.46
b) In respect of corporate guarantee given:-		
i To Companies under the same management	548.87	635.62
ii For obligations to other parties	1.00	1.00
c) Demand against the company not admitted as debts regarding sales tax against which appeals are pending	1.05	1.05
d) Demand against the company not admitted as debts regarding custom duty against which appeals are pending	4.10	11.85
e) In respect of bank guarantees given towards		
i To government agencies for exports	-	10.90
ii Towards various demurrage claims under settlement	-	1.29
f) Certain claims / show cause notices disputed have neither been considered as contingent liabilities nor acknowledged as claims based on the opinions obtained from prominent legal counsels.		



25. The Company has given counter guarantee to housing development finance corporation limited (HDFC) against loan given to employees amounting to Rs. 0.69 crores (previous year Rs. 0.62 crores) for construction / purchase of residential houses.
26. The Company has taken out a group gratuity insurance policy with the Life Insurance Corporation of India for future payments of retirement gratuity to employees. In the event of any employees leaving service earlier, the Company will have to bear a certain portion of the gratuity which is not ascertainable and no provision has been made in respect thereof.
27. In terms of notification issued by the Department of Company Affairs dated 22-02-1999, the Company is required to make certain additional disclosures under the head "Sundry Creditors" in respect of dues to small scale industrial undertakings. In absence of complete information about the status of creditors as to whether they constitute an SSI undertaking as on 31-3-2004, the details of amount due to each small scale undertakings exceeding Rs. 0.01 crores and outstanding for more than 30 days could not be complied and disclosed.
28. No amounts are due for deposits as at the balance sheet date to the investors education and protection Fund.
29. Items of expenditure in the profit and loss account include reimbursements to and by the Company.
30. Rs. 10.36 crores being net gain (previous year Rs. 11.25 crores) on account of exchange difference has been adjusted in profit and loss account.
Rs. 2.46 crores (previous year Rs. NIL) being net loss on account of exchange difference in respect of forward cover contracts pertaining to remaining period after 31-03-2004, will be recognised in the profit and loss account in subsequent year.
31. Compounding fees of Rs. 35,000/- (previous year Rs. NIL) paid against order received from compounding authorities are included under the head "Miscellaneous Expenses".
32. Disclosure as required by Accounting Standard 19, on "Leases" issued by the Institute of Chartered Accountants of India are given below:
Being the Company is lessee:
- The Company's significant leasing arrangements are in respect of godowns / residential / office premises (including furniture and fittings therein, as applicable). The aggregate lease rental payable are charged to profit and loss account as rent in schedule 18.
 - The leasing arrangements, which are cancelable at any time on month to month basis and in some cases between 11 months to 5 years. They are usually renewable by mutual consent on mutually agreeable terms. Under these arrangements, generally refundable interest free deposits have been given.
 - The Company has leased port land situated in and forming part of the premises at Belekeri Port in Ankola Taluka, Karnataka. The lease payment to be made in the future in respect of the leases are as follows:- (Rs. in Crores)
- | | (Rs. in Crores) |
|---|-----------------|
| Upto 1 year | 0.04 |
| Greater than 1 year but less than 5 years | 0.13 |
| Greater than 5 years | NIL |

33. As per Accounting Standards 21 on "Consolidated Financial Statements" and Accounting Standards 27 on "Financial Reporting of Interests in Joint Venture" disclosed in consolidated financial statements issued by the Institute of Chartered Accountants of India, the Company has presented consolidated financial statements separately, including subsidiaries and joint venture, in this annual report.

34. Payments to Auditors (including service tax):- (Rs. in Crores)

	2003-04	2002-03
i Audit fee	0.10	0.10
ii Tax audit fee	0.02	0.02
iii Other matters (Rs. 20,000/-)	0.00	—
iv Reimbursement of expenses	0.01	0.01
Total	0.13	0.13

35. Prior period adjustments includes:- (Rs. in Crores)

	2003-04	2002-03
Debits relating to earlier years	0.27	1.36
Credits relating to earlier years	0.21	1.44
Net Total	0.06	(0.08)

36. Computation of net profit under section 349 of the Companies Act, 1956 (Rs. in Crores)

PARTICULARS	2003-04	2002-03
A. Profit before taxation	126.14	90.92
ADD: Depreciation as per accounts	1.79	1.85
Directors remuneration	0.57	0.41
Directors commission	0.87	0.39
Loss on sale of investments/assets	0.33	0.30
	<u>129.70</u>	<u>93.87</u>
LESS: Depreciation as per section 350 of the Companies Act, 1956	1.79	1.85
Profit on surrender rights	2.00	—
Profit on sale of investments/assets	73.14	59.84
Profit for the purpose of directors commission	<u>52.77</u>	<u>32.18</u>
Chairman @ 0.5% on Rs. 52.77 (previous year at 0.4% on Rs. 32.18)	0.26	0.13
Managing director @ 0.75% on Rs. 52.77 (previous year at 0.4% on Rs. 32.18)	0.40	0.13
Whole-time director @ 0.4% on Rs. 52.77 (previous year at 0.4% on Rs. 32.18)	0.21	0.13
	<u>0.87</u>	<u>0.39</u>
B. Managerial remuneration to Chairman, Managing & Whole-time Directors under section 198 of the Companies Act, 1956		
i) Salaries	0.53	0.38
ii) Contributions to provident and other funds	0.04	0.03
iii) Commission	0.87	0.39
	<u>1.44</u>	<u>0.80</u>



37. Miscellaneous income includes Rs. 0.24 crores (previous year Rs. 0.07 crores) being net of debit & credit balances no longer required & written off during the year.

38. Related party disclosure (As identified by the Management)

I Name of related parties & description of relationship

- a Controlling Companies
 -
- b Subsidiary Companies
 - Adani Global Ltd.
 - Adani Global FZE
 - Adani Chemicals Ltd. (Ceased wef 26-3-04)
 - Adani Global PTE Ltd.
- c Associate Entities
 - Adani Properties Pvt. Ltd.
 - Adani Agro Pvt. Ltd.
 - Adani Petronet (Dahej) Port Pvt. Ltd.
 - Adani Port Infrastructure Ltd.
 - Adani Port Ltd.
 - Adani Chemicals Ltd. (wef 26-3-04)
 - Adani Power Pvt. Ltd.
 - B2C India Ltd.
 - Gujarat Adani Energy Ltd.
 - Gujarat Adani Infrastructure Pvt. Ltd.
 - Gujarat Adani Port Ltd.
 - I Call India Ltd.
 - Intercontinental (India)
 - Komal Marketing Pvt. Ltd.
 - Komal Infotech Pvt. Ltd.
 - Mundra Special Economic Zone Ltd.
 - Shantivan
- d Joint Control
 - Adani Wilmar Ltd.
- e Key Management Personnels
 - Shri Gautam S. Adani
 - Shri Rajesh S. Adani
 - Shri Vasant S. Adani
- f Relatives
 - GSA Family Trust
 - RSA Family Trust

ii) Nature & volume of transaction with related parties

(Rs. in Crores)

	PARTICULARS	Subsidiary Company	Associate Entities	Jt. Control Company	Key Mngt. Personnels	Relatives
1	Sales (net of return)	236.48	0.88	17.70	-	-
		189.06	45.18	0.27	-	-
2	Purchase (net of return)	191.56	0.13	56.27	-	-
		35.63	2.12	-	-	-
3	Sale of investment	-	93.71	-	-	1.89
		-	44.00	-	-	-
4	Purchase of fixed asset	-	-	0.01	-	-
		-	-	-	-	-
5	Sale of fixed assets	-	0.26	-	-	-
		-	-	-	-	-
6	Interest - received / (paid)	-	1.09	0.17	-	-
		2.92	-	-	-	-
7	Dividend received	1.79	-	-	-	-
		0.70	-	-	-	-
8	Funds given [includes investment in preference shares /equity participation/business arrangement	0.08	278.20	44.97	-	-
		29.47	35.70	11.34	-	-
9	Funds received [including redemption of preference share/business arrangement]	1.46	167.81	49.97	-	-
		-	85.43	35.76	-	-
10	Service rendered	-	2.00	4.35	-	-
		0.42	6.03	9.25	-	-
11	Service availed	-	29.38	1.36	-	-
		-	47.49	-	-	-
12	Rent paid	-	0.24	-	-	-
		-	0.27	-	-	0.04
13	Rent received	-	-	0.04	-	-
		-	-	-	-	-
14	Remuneration	-	-	-	1.02	-
		-	-	-	0.78	-
15	Guarantee & collateral securities (Outstanding facility as on 31.03.2004)	85.50	249.51	185.90	-	-
		85.50	360.22	189.90	-	-
16	Balance outstanding as on 31st March 2004	46.35	108.01	-	-	-
		88.83	79.84	-	-	-



iii) As required by the amendment to the clause 32 of the listing agreement vide SEBI circular no. 2 / 2003 of 10th January, 2003, the following disclosure has been made :

(a) Loans and advances in the nature of loans to subsidiaries: (Rs. in Crores)

Sr. No.	Name of entity	Closing Balance as at 31-03-2004	Maximum amount outstanding during the year
1.	Adani Chemicals Ltd. (Erstwhile Subsidiary)	2.08 (1.99)	2.08 (1.99)

(b) Loans and advances in the nature of loans to associates: (Rs. in Crores)

Sr. No.	Name of entity	Closing Balance as at 31-03-2004	Maximum amount outstanding during the year
1.	Adani Agro Pvt. Ltd.	NIL (NIL)	NIL (15.02)
2.	Adani Container (Mundra) Terminals Ltd.	NIL (NIL)	NIL (15.75)
3.	Adani Port Infrastructure Ltd.	NIL (NIL)	NIL (0.0003)
4.	Adani Port Ltd.	NIL (NIL)	NIL (24.65)
5.	Adani Wilmar Ltd.	NIL (NIL)	NIL (14.44)
6.	Gujarat Adani Port Ltd.	NIL (2.16)	2.16 (5.71)
7.	B2C India Ltd.	5.15 (NIL)	17.92 (7.31)
8.	Gujarat Adani Energy Ltd.	NIL (0.48)	0.48 (0.50)
9.	Gujarat Adani Infrastructure Pvt. Ltd.	0.06 (NIL)	9.71 (NIL)
10.	I Call India Ltd.	9.99 (3.09)	9.99 (3.10)
11.	Adani Properties Pvt. Ltd.	NIL (0.14)	0.14 (1.97)

(c) Loans and advances in the nature of loans where there is no repayment schedule, or no interest or interest below section 372A of the Companies Act, 1956:

(Rs. in Crores)

Sr. No.	Name of entity	Closing Balance as at 31-03-2004	Maximum amount outstanding during the year
1.	Adani Agro Pvt. Ltd.	NIL (NIL)	NIL (15.02)
2.	Adani Container (Mundra) Terminals Ltd.	NIL (NIL)	NIL (15.75)
3.	Adani Port Infrastructure Ltd.	NIL (NIL)	NIL (0.0003)
4.	Adani Port Ltd.	NIL (NIL)	NIL (24.65)
5.	Adani Wilmar Ltd.	NIL (NIL)	NIL (14.44)
6.	Gujarat Adani Port Ltd.	NIL (2.16)	NIL (5.71)
7.	B2C India Ltd.	NIL (NIL)	NIL (7.31)
8.	Gujarat Adani Energy Ltd.	NIL (0.48)	NIL (0.50)
9.	I Call India Ltd.	NIL (3.09)	NIL (3.10)
10.	Adani Properties Pvt. Ltd.	NIL (0.14)	NIL (1.97)



(d) Loans and advances in the nature of loans to firms / companies in which directors are interested : (Rs. in Crores)

Sr. No.	Name of entity	Closing Balance as at 31-03-2004	Maximum amount outstanding during the year
1.	Adani Agro Pvt. Ltd.	NIL (NIL)	NIL (15.02)
2.	Adani Container (Mundra) Terminals Ltd.	NIL (NIL)	NIL (15.75)
3.	Adani Port Infrastructure Ltd.	NIL (NIL)	NIL (0.0003)
4.	Adani Port Ltd.	NIL (NIL)	NIL (24.65)
5.	B2C India Ltd.	5.15 (NIL)	17.92 (7.31)
6.	Gujarat Adani Energy Ltd.	NIL (0.48)	0.48 (0.50)
7.	I Call India Ltd.	9.99 (3.09)	9.99 (3.10)
8.	Adani Properties Pvt. Ltd.	NIL (0.14)	0.14 (1.97)
9.	Adani Wilmar Ltd.	NIL (NIL)	NIL (14.44)
10.	Gujarat Adani Port Ltd.	NIL (2.16)	2.16 (5.71)
11.	Adani Chemicals Ltd.	2.08 (1.99)	2.08 (1.99)

(e) Investments by the loanee in the shares of the Company as on 31st March, 2004: NIL

39. Earning Per Share

PARTICULARS	Year ended 31st March, 2004	Year ended 31st March, 2003
Net Profit after tax provision (Rs. in Crores)	124.08	88.33
Less: Preference dividend including tax thereon (Rs. in Crores)	1.12	1.43
Net profit after tax available for equity shareholders (Rs. in Crores)	122.96	86.90
Weighted average no. of equity shares of Rs. 10 each outstanding during the year	22047400	22047400
Basic earning per share (in Rs.)	55.77	39.42

The Company does not have any outstanding dilutive potential equity shares. Consequently the basic and diluted earning per share of the Company remain the same.

40. a) Deferred Tax

	As At 31st March, 2004	As At 31st March, 2003
Deferred tax liability on account of		
(i) Depreciation	4.27	3.71
Total	4.27	3.71
Deferred tax assets on account of		
(i) Software expenses	0.10	—
(ii) Brought forward capital loss	0.03	0.14
(iii) Diminution in value of investments	—	0.55
(iv) Leave encashment	0.24	0.17
(v) Provision for bad-debts	1.10	—
Total	1.47	0.86
Net deferred tax liability	2.80	2.85

b) In accordance with "Accounting Standard 22", the deferred tax assets of Rs. 0.05 crores (previous year assets of Rs. 0.48 crores) for the year has been recognised in the profit & loss account.

41. The Company has 28.18% (previous year 50%) interest in a joint venture, Adani Wilmar Limited, incorporated in India. The following represents the Company's share of assets and liabilities as at 31st March, 2004 and income and expenses for the year ended on that date.

PARTICULARS	As on 31st March, 2004	As on 31st March, 2003
Assets	168.45	181.83
Liabilities	138.55	149.58
Income	514.53	628.00
Expenses (including provision for tax)	509.55	619.16
Contingent liabilities	4.12	4.25
Capital commitments	9.47	0.06

Since, there has been decrease in percentage(%) of holding in joint venture, previous year figures are not comparable.



42 Quantitative information to the extent applicable for the year pursuant to the paragraph 3 & 4 of part II of Schedule VI to the Companies Act, 1956 (As certified by the Management).

(A) SALES AND STOCKS OF GOODS TRADED AND PROCESSED

(Rs in Crores)

SR. NO.	CLASS	UNITS	OPENING STOCK		CLOSING STOCK		SALES	
			QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT
1	CHEMICAL / PLASTICS	MT	12,322.816	23.55	10,962.302	18.15	105,753.185	202.59
			5,911.609	12.04	12,322.816	23.55	92,299.709	149.08
2	AGRO PRODUCTS	MT	41,916.767	43.57	200,958.038	186.72	1,704,351.632	1,786.67
			26,088.063	30.14	41,916.767	43.57	1,835,244.213	1,169.18
3	PRECIOUS & OTHER METAL	KGS	15.190	0.79	-	-	138,989,596.190	880.80
			11,305.508	14.67	15.190	0.79	378,924.381	556.01
	PRECIOUS & OTHER METAL	CTS	-	-	-	-	10,671,025.020	2,500.93
			-	-	-	-	-	-
4	MINERALS / OILS	MT	3,797.916	1.14	5,172.744	0.92	1,384,145.748	598.58
			49,149.564	22.13	3,797.916	1.14	1,300,721.366	496.17
5	POWER TRADING	MU	-	-	-	-	101,005,100.000	22.34
			-	-	-	-	-	-
6	TEXTILE PRODUCTS	KGS	315,783.560	1.90	556,526.520	8.40	15,611,366.437	209.12
			291,042.490	1.51	315,783.560	1.90	5,310,144.220	62.44
	TEXTILE PRODUCTS	NOS	-	-	-	-	94,465.000	6.99
			-	-	-	-	117,471.000	1.61
	TEXTILE PRODUCTS	YDS	44,141.000	0.33	64,565.000	0.45	2,686,001.070	13.02
			25,346.750	0.16	44,141.000	0.33	4,807,754.750	23.13
	TEXTILE PRODUCTS	MTR	112,978.600	0.59	125,065.500	0.57	22,306,056.960	80.08
			90,711.800	0.34	112,978.600	0.59	37,319,608.310	131.28
7	FROZEN FOODS	MT	-	-	-	-	22,063.569	417.28
			-	-	-	-	263,288.184	3.75
8	FERTILIZERS	MT	4,850.814	2.07	7,000.000	4.26	129,562.096	54.55
			-	-	4,850.814	2.07	139,008.639	47.65
9	SHARES (OF RS. 10/- EACH)	NOS	-	-	-	-	-	-
			3,513,300	32.71	-	-	3,513,300	44.21
10	OTHER PRODUCTS	-	-	3.32	-	-	-	9.69
			-	11.49	-	-	-	43.46
	GRAND TOTAL			77.26		219.47		6,782.64
				125.19		77.26		2,727.97

B) PURCHASE OF TRADED GOODS

(Rs in Crores)

SR. NO.	CLASS	UNITS	2003-04		2002-03	
			QTY.	AMOUNT	QTY.	AMOUNT
1	CHEMICAL / PLASTICS	MT	104,931.187	189.97	99,045.666	152.62
2	AGRO PRODUCTS	MT	1,886,351.863	1,885.61	1,866,175.507	1,126.15
3	PRECIOUS & OTHER METAL	KGS	138,989,581.000	884.66	367,478.941	534.84
	PRECIOUS & OTHER METAL	CTS	10,671,028.420	2,481.73	-	-
4	MINERALS / OILS	MT	1,382,806.520	570.56	1,259,071.164	458.95
5	POWER TRADING	MU	104,456,757.000	19.56	-	-
6	TEXTILE PRODUCTS	KGS	15,851,651.040	189.50	5,335,804.880	59.77
	TEXTILE PRODUCTS	NOS	6,000.000	4.86	21,887.000	0.23
	TEXTILE PRODUCTS	YDS	1,280,825.180	8.35	2,321,679.000	14.83
	TEXTILE PRODUCTS	MTR	20,089,279.500	67.94	34,815,572.610	115.78
7	FROZEN FOODS	MT	22,063.569	425.10	263,288.184	3.75
8	FERTILIZERS	MT	131,711.282	54.30	143,859.453	45.35
9	OTHER PURCHASES	-	-	4.67	-	35.93
	TOTAL			6,786.81		2,548.20

C) RAW MATERIAL CONVERTED

(Rs in Crores)

SR. NO.	CLASS	UNITS	2003-04		2002-03	
			QTY.	AMOUNT	QTY.	AMOUNT
1	PRECIOUS METAL	KGS	-	-	77.000	4.19
2	TEXTILES	KGS	5,307.120	0.06	-	-
		YDS	1,427,102.000	4.19	2,504,880.000	7.96
		MTR	2,563,985.000	12.82	3,007,350.170	16.06
	TOTAL			17.07		28.21

D) IMPORTED & INDIGENOUS CONSUMPTION

(Rs in Crores)

	2003-04		2002-03	
	AMOUNT	%	AMOUNT	%
RAW MATERIALS - IMPORT	0.40	2.34	-	-
- INDIGENOUS	16.67	97.66	28.21	100.00
TOTAL	17.07	100.00	28.21	100.00



E) VALUE OF IMPORTS ON CIF BASIS		(Rs. in Crores)	
	2003-04	2002-03	
Trade goods	1967.12	762.18	
TOTAL	1967.12	762.18	
F) EXPENDITURE IN FOREIGN CURRENCY		(Rs. in Crores)	
	2003-04	2002-03	
Travelling expenses	0.48	0.31	
Other matter	4.34	1.32	
Interest	8.53	0.85	
Bank charges	0.79	0.53	
Clearing & forwarding	29.22	---	
Brokerage & commission	145.23	---	
TOTAL	188.59	3.01	
G) EARNING IN FOREIGN CURRENCY		(Rs. in Crores)	
	2003-04	2002-03	
Export of goods on F.O.B. basis	4841.46	376.28	
Commission	0.27	0.42	
Interest income	0.01	0.03	
Dividend income	1.79	0.70	
Other income	0.14	---	
TOTAL	4843.67	377.43	

Note : Licensed and installed capacity : Not applicable (previous year : Not applicable)

43. Previous year's figures have been regrouped wherever necessary to confirm to this year's classification.

44. Additional information as required under Part IV of Schedule VI to the Companies Act, 1956.

Balance Sheet Abstract and Company's General Business Profile:-

I. Registration Details:

Registration no. : 19067
State code : 04
Balance sheet date : 31-03-2004

II. Capital Raised during the year (Amount in Rs. Thousands)

Public issue - NIL Right issue - NIL
Bonus issue - NIL Private placement - NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total liabilities : 21939972
Total assets : 21939972
Sources of Funds:
Paid -up capital : 320474
Reserves & surplus : 5916626
Secured loans : 5763006
Unsecured loans : 862425
Deferred tax liability : 27998

Application of Funds:

Net fixed assets : 360085
Investments : 693826
Net current assets : 11827390
Miscellaneous expenditure : 9228
Accumulated losses : ---

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (including other income) : 71553335
Total expenditure : 70292072
Profit/(Loss) before tax : 1261263
Profit/(Loss) after tax : 1240762
Earning per share (Rs.) : 55.77
Dividend rate % : 40

V. Generic Names of Three Principal products/services of Company (as per monetary terms)

Item code no. (ITC code) : Not ascertainable
Product description : Merchant exporters
Item code no. (ITC code) : Not ascertainable
Product description : Merchant exporters
Item code no. (ITC code) : Not ascertainable
Product description : Merchant exporters

Signature to Schedule " 1 " to " 20 "

For and on behalf of the Board

GAUTAM S. ADANI
Chairman

RAJESH S. ADANI
Managing Director

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004

BIRVA C. PATEL
Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004

(Rs. in Crores)

Sr.	PARTICULARS	2003-04		2002-03	
A	CASH FLOW FROM OPERATIONS				
	Net profit before tax & extraordinary items		126.14		90.92
	Adjustment for:				
	Depreciation	1.79		1.86	
	Income from investments	(1.84)		(0.78)	
	Loss on sale of investment	63.81		0.08	
	Profit on sale of investment	(136.95)		(59.68)	
	Profit on sale of assets	(2.03)		(0.15)	
	Loss on sale of fixed assets	0.36		0.22	
	Provision for bad debts	3.06		-	
	Deferred revenue expenditure	0.23		-	
	Interest expense	85.90		78.10	
	Interest income	(41.58)		(39.96)	
			(27.25)		(20.32)
	Operating profit before working capital changes		98.89		70.60
	Adjustment for:				
	Trade & other receivables	(490.27)		(123.37)	
	Inventories	(142.01)		47.80	
	Loans & advances	1.08		17.71	
	Trade payables	361.17		47.91	
			(270.03)		(9.95)
	Cash generated from operations		(171.14)		60.65
	Direct tax (paid) / refund		2.37		(0.44)
	Net cash from operating activities		(168.77)		60.21
B	CASH FLOW FROM INVESTING ACTIVITIES				
	Additions to fixed assets	(2.41)		(0.65)	
	Additions to work in progress	0.37		(0.02)	
	Sale of fixed assets	2.83		0.78	
	Deferred revenue expenditure	(1.15)		-	
	Proceeds from redemption of investments	1.19		-	
	Sale of investments	162.16		67.81	
	Purchase of investments	(69.73)		(29.66)	
	Realisation of short term investments (Net)	0.16		-	
	Income from investments	1.84		0.78	
	Interest received	32.34		38.24	
			127.60		77.28
C	CASH FLOW FROM FINANCING ACTIVITIES				
	Redemption of preference shares	-		(10.00)	
	Proceeds from working capital borrowings	85.62		27.53	
	Proceeds from long term borrowings	206.24		-	
	Repayment of long term borrowings	(94.96)		(53.36)	
	Proceeds from short term borrowings	48.19		(27.89)	
	Interest paid	(89.17)		(82.02)	
	Dividend paid	(7.61)		(8.07)	
			148.32		(153.81)
	Net increase/(decrease) in cash & cash equivalents		107.15		(16.32)
	Cash & cash equivalent at the beginning of the year		104.48		120.80
	Cash & cash equivalent as at 31/03/2004		211.63		104.48

- Notes : 1 The above cash flow statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS)-3 on Cash Flow Statement issued by The Institute of Chartered Accountant of India.
- 2 Prior year comparatives have been reclassified to confirm with current year's presentation, where ever applicable.
- 3 Cash and cash equivalents includes Rs. 159.51 crores (previous year Rs. 89.68 crores), which are not available for use by the Company (refer schedule 9 to accounts)
- 4 Short term investments of Rs. 12 crores (previous year Rs. Nil) included in cash and cash equivalents.

As per our attached report of even date

For DHARMESH PARIKH & CO.
Chartered Accountants

D. A. PARIKH
Proprietor

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004

BIRVA C. PATEL
Company Secretary

For and on behalf of the Board

GAUTAM S. ADANI
Chairman

RAJESH S. ADANI
Managing Director

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary Company	Adani Global Ltd. in US\$	Adani Global FZE in AED	Adani Global Pte. Ltd. in S\$
1. Financial year of the subsidiary companies ended on	31/12/2003	31/12/2003	31/12/2003
2. Extent of interest in subsidiary companies	100%	100%*	100%*
3. Net aggregate amount of the profits of the subsidiary company as far as it concerns the Members of the Company			
a) Dealt with in the Company's accounts			
i) for the financial year of the subsidiary	NIL	NIL	NIL
ii) for the previous year of the subsidiary since it became the subsidiary of the Company	NIL	NIL	NIL
b) Not dealt with in the Company's accounts			
i) for the financial year of the subsidiary	237765	8374804	443557
ii) for the previous year of the subsidiary since it became the subsidiary of the Company	199030	31507970	353962
4. Statement of changes under section 212(5) of the Companies Act, 1956 from	(01/01/2004 to 31/03/2004)		
1. Fixed assets, capitalised assets & W.I.P.	NIL	27675	3262
2. Investments	NIL	NIL	NIL
3. Monies lent	NIL	7874	35559
4. Monies borrowed term loan for its ongoing project from the Financial Institutions/Banks	NIL	NIL	10108094

* by Adani Global Ltd.

For and on behalf of the Board

GAUTAM S. ADANI
Chairman

RAJESH S. ADANI
Managing Director

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004

BIRVA C. PATEL
Company Secretary



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2004

(Rs in Crores)

PARTICULARS	SCHEDULE	AS AT 31-03-2004		AS AT 31-03-2003	
A SOURCES OF FUNDS :					
I. SHAREHOLDERS' FUND					
(A) Share capital	1	32.05		32.05	
(B) Share application money pending allotment		3.95		-	
(C) Reserves & surplus	2	662.03		583.38	
			698.03		615.43
II. LOAN FUNDS					
(A) Secured loans	3	607.57		402.12	
(B) Unsecured loans	4	87.22		39.07	
			694.79		441.19
III. MINORITY INTEREST					
(A) Capital		-		0.25	
(B) Less :- Miscellaneous expenses to the extent not written-off		-		-	
					0.25
IV. DEFERRED TAX LIABILITY					
Deferred tax liability		8.41		9.56	
Less :- Deferred tax assets		1.52		0.91	
			6.89		8.65
TOTAL			1399.71		1065.52
B APPLICATION OF FUNDS :					
I. FIXED ASSETS					
(A) Gross block	5	74.91		92.27	
(B) Less : Depreciation		16.48		16.79	
(C) Net block		58.43		75.48	
(D) Capital work-in-progress		17.22		3.04	
			75.65		78.52
PRE-OPERATIVE EXPENDITURE (PENDING CAPITALISATION)			0.25		1.87
II. INVESTMENTS	6		17.46		26.43
III. CURRENT ASSETS, LOANS & ADVANCES					
(A) Inventories	7	306.48		173.41	
(B) Receivables	8	1561.48		1114.04	
(C) Cash & bank balances	9	285.32		155.73	
(D) Loans & advances	10	240.32		216.77	
		2393.60		1659.95	
LESS :- CURRENT LIABILITIES & PROVISIONS					
(A) Current liabilities	11	1069.73		688.27	
(B) Provisions	12	18.46		12.98	
		1088.19		701.25	
NET CURRENT ASSETS			1305.41		958.70
IV. MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN-OFF OR ADJUSTED	13		0.94		-
TOTAL			1399.71		1065.52

Notes forming part of the accounts
As per our attached report of even date

20

For and on behalf of the Board

For DHARMESH PARIKH & CO.
Chartered Accountants

GAUTAM S. ADANI
Chairman

D. A. PARIKH
Proprietor

BIRVA C. PATEL
Company Secretary

RAJESH S. ADANI
Managing Director

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

PARTICULARS	SCHEDULE	(Rs in Crores)	
		2003-04	2002-03
A INCOME			
Sales & operating earnings	14	8920.51	4503.56
Other income	15	75.20	59.65
		<u>8995.71</u>	<u>4563.21</u>
B EXPENDITURE			
Cost of materials	16	8415.48	4209.12
Personnel expenses	17	12.43	10.33
Operation & other expenses	18	366.06	175.44
Interest	19	53.64	47.19
Depreciation		3.27	4.23
Misc. expenditure written off		0.23	-
		<u>8851.11</u>	<u>4446.31</u>
Profit for the year before prior period adjustments		144.60	116.90
Add / (Less) : Prior period adjustment (net)		(0.11)	(0.33)
Add : Excess provision written back		1.05	0.46
Profit for the year before taxation		145.54	117.03
Provision for taxation:			
- Current tax (Including Wealth Tax of Rs. 0.03 crores, PY Rs. 0.03 crores excess provision (net) of earlier years Rs. 2.32 crores, PY short provision of Rs. 0.71 crores)		4.70	5.60
- Deferred tax		0.78	1.23
Profit after taxation		140.06	110.20
Add : Surplus brought forward from previous year		231.61	202.19
Profit available for appropriation		<u>371.67</u>	<u>312.39</u>
APPROPRIATIONS			
Interim dividend on preference shares		0.99	1.43
Dividend on preference shares		0.01	0.01
Proposed dividend on equity shares		9.26	6.61
Tax on dividend (including surcharge)		1.26	0.85
Transfer to general reserve		64.23	50.00
Transfer to preference shares redemption reserve		-	10.00
Transferred to debenture redemption reserve		-	7.50
Balance carried to balance sheet		295.92	235.99
		<u>371.67</u>	<u>312.39</u>
Earning per Share - Rs. 10/- each (in Rupees)			
- Basic & Diluted		63.02	48.56
- Annualised		63.02	48.56

Notes forming part of the accounts
As per our attached report of even date

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For and on behalf of the Board

For DHARMESH PARIKH & CO.
Chartered Accountants

GAUTAM S. ADANI
Chairman

D. A. PARIKH
Proprietor

BIRVA C. PATEL
Company Secretary

RAJESH S. ADANI
Managing Director

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004



SCHEDULES 1 TO 13 FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2004

(Rs. in Crores)

PARTICULARS	AS AT 31-03-2004		AS AT 31-03-2003	
SCHEDULE : 1				
SHARE CAPITAL				
AUTHORISED				
5,00,00,000 Equity shares of Rs. 10/- each		50.00		50.00
5,00,00,000 Preference shares of Rs. 10/- each		50.00		50.00
		<u>100.00</u>		<u>100.00</u>
ISSUED, SUBSCRIBED & PAID-UP				
2,20,47,400 (Previous year 2,20,47,400)				
Equity shares of Rs. 10/- each		22.05		22.05
1,00,00,000 (Previous year 1,00,00,000)				
9.9% Cumulative redeemable preference shares - Series VII of Rs. 10/- each.		10.00		10.00
		<u>32.05</u>		<u>32.05</u>
NOTES :				
of the above :				
i 5,00,000(Previous year 5,00,000) Equity shares of Rs. 10/- each were allotted as fully paid up at premium without payment being received in cash pursuant to the scheme of amalgamation as approved by the High Court of Gujarat.				
ii 5,00,000(Previous year 5,00,000) Equity shares were issued as bonus shares by capitalization of profit.				
iii 1,65,35,500(Previous year 1,65,35,500) Equity shares were issued as bonus shares by capitalization of share-premium.				
SCHEDULE : 2				
RESERVES & SURPLUS				
GENERAL RESERVE				
As per last balance sheet		275.13		250.00
ADD : Transferred during the year from profit & loss account		60.00		40.00
ADD : Preference share redemption reserve written back		-		20.00
ADD : Debenture redemption reserve written back		25.00		-
ADD : Reserve u/s. 33AC under IT Act written back		7.50		-
LESS : Transferred to profit & loss account in respect of bad-debts		39.97		34.87
		<u>327.66</u>		<u>275.13</u>
Share in general reserve of joint venture		9.86		10.00
PREFERENCE SHARE REDEMPTION RESERVE				
As per last balance sheet		10.00		20.00
LESS : Transfer to general reserve		-		20.00
ADD : Transferred during the year from profit & loss account		-		10.00
		<u>10.00</u>		<u>10.00</u>
DEBENTURE REDEMPTION RESERVE				
As per last balance sheet		30.00		22.50
Created during the year		(25.00)		7.50
		<u>5.00</u>		<u>30.00</u>
SHARE PREMIUM ACCOUNT				
As per last balance sheet		9.63		9.63
		<u>9.63</u>		<u>9.63</u>
RESERVE UNDER SECTION 33AC OF INCOME-TAX ACT, 1961				
As per last balance sheet		7.50		7.50
Less : Transferred to general reserve		7.50		-
		<u>-</u>		<u>7.50</u>
EXCHANGE RESERVE				
		3.96		5.13
SURPLUS IN PROFIT & LOSS ACCOUNT				
Share in profit & loss account of joint venture		292.72		231.63
		3.20		4.36
		<u>662.03</u>		<u>583.38</u>



(Rs. in Crores)

PARTICULARS	AS AT 31-03-2004		AS AT 31-03-2003	
SCHEDULE : 3				
SECURED LOANS				
From banks - term loans (Note I to III)				
a) Foreign currency loan (ECB)		26.93		9.50
b) Rupee loan		189.08		66.13
From banks - working capital (Note I to II)				
a) Foreign currency		36.92		-
b) Rupee loan		349.02		293.57
Non convertible debentures (Note IV)		5.00		30.00
Vehicle loans (Note - V)		0.60		-
Interest accrued and due		0.02		2.92
		607.57		402.12
NOTES :				
Above facilities are :				
Secured by hypothecation of the stocks and book debts by way of first charge ranking pari passu among the banks. Secured by tangible movable properties ranking pari passu among the banks. Guaranteed by some of the Directors and their relatives in their personal capacity. Pledge of 1,00,00,000 equity shares of Gujarat Adani Port Ltd. @ of Rs. 80/- each.				
Further secured by creation of equitable mortgage.				
a) Over certain immovable properties belonging to some of the Directors and their relatives to secure the ECB facilities and rupee term loan from State Bank of India and Andhra Bank.				
b) Over certain immovable properties belonging to the Company.				
c) Over certain immovable properties belonging to Adani Properties Pvt. Ltd.				
Term loan refer to in I (b) above to the extent of Rs. 12 crores are secured by second pari passu charge.				
a) Over movable assets of the Company,				
b) Over creation of immovable properties by creation of equitable mortgage as mentioned in Note No. IV b) & c) above and by pledge of shares held by some of the Directors and their relatives and guaranteed by some of the Directors and their relatives in their personal capacity.				
15,00,000 privately placed 14.50% secured redeemable non convertible debentures of Rs. 100/- each allotted w.e.f. 29th December 1999, are redeemable at par in three equal annual installments on 29th December 2002, 29th December 2003 & 29th December 2004 respectively. Out of which first and second installment of Rs. 5 crores each (15,00,000 14.50% secured redeemable non-convertible debentures of Rs. 33.33/- each) have been redeemed on their due date i.e. 29th December, 2002 and 29th December, 2003 respectively.				
All the above debentures are secured by pledge of shares of some of the Directors and their relatives by way of mortgage and exclusive charge on some of the immovable properties of the Company.				
Vehicles loans are secured by hypothecation of respective vehicles.				
SCHEDULE : 4				
UNSECURED LOANS				
Inter corporate loans		27.46		1.37
Loans from banks / financial institutions (Note)		59.59		37.13
Loans from directors		0.17		-
Interest accrued and due		-		0.57
		87.22		39.07
NOTE :-				
Above loans from financial institutions/ banks are secured by demand promissory note, pledge of shares of some of the Directors and their relatives and guaranteed by some of the Directors in their personal capacity.				



SCHEDULE : 5

FIXED ASSETS

(Rs. in Crores)

Sr. No.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 01/04/03	Additions during the year	Deductions during the year	As at 31/03/04	As at 01/04/03	Provided for the year	Deductions during the year	As at 31/03/04	As at 31/03/04	As at 31/03/03
1	Land	5.52	0.87	0.00	6.39	0.00	0.00	0.00	0.00	6.39	5.66
2	Building	22.88	2.51	0.17	25.21	2.90	0.42	0.01	3.31	21.90	23.35
3	Plant & machinery	20.10	0.36	0.00	20.47	2.30	1.04	0.00	3.34	17.13	31.14
4	Furniture & fixtures	7.39	0.17	0.01	7.55	2.97	0.50	0.01	3.47	4.09	4.82
5	Electric fittings & installations	1.58	0.03	0.00	1.61	0.32	0.08	0.00	0.40	1.21	1.65
6	Office equipment	3.88	0.36	0.08	4.15	1.06	0.22	0.03	1.25	2.90	2.99
7	Computer equipment	2.89	0.20	0.00	3.08	1.84	0.33	0.00	2.16	0.92	1.21
8	Vehicles	7.75	0.96	2.27	6.44	3.15	0.69	1.29	2.55	3.89	4.67
	Total	71.99	5.46	2.55	74.91	14.55	3.27	1.34	16.48	58.43	75.48
	Previous year	87.40	6.19	1.32	92.27	13.01	4.26	0.48	16.79	75.48	-

(Rs. in Crores)

PARTICULARS	AS AT 31-03-2004		AS AT 31-03-2003	
SCHEDULE : 6				
INVESTMENTS				
NON TRADE LONG-TERM INVESTMENTS				
GOVERNMENT SECURITIES (UNQUOTED)				
(Lodged with government departments)				
in 6 year National Saving Certificates				
in Kisan Vikas Patra (Rs. 500/-)				
INVESTMENTS IN ASSOCIATES				
1) 2,600 (2,600) equity shares of Adani Petronet (Dahej) Port Pvt. Ltd. of Rs. 10/- each (Rs. 26,000/-)				
OTHERS (UNQUOTED) (NON TRADE)				
1) NIL (37,63,300) fully paid up equity shares of Adani Port Ltd. of Rs. 10/- each				
2) NIL (500) fully paid up units of Rs. 10/- each of GIC Mutual Fund (Rs. 5000/-)				
3) 10 (10) equity shares of Coffee Futures Exchange Board India Ltd. of Rs. 10,000/- each				
4) NIL (2,10,00,000) fully paid up equity shares of Gujarat Adani Port Ltd. of Rs. 10/- each				
5) NIL (26,000) equity shares of Adani Container (Mundra) Terminals Ltd. of Rs. 10/- each				
6) 5 (5) Bond of UCO Bank of Rs. 5,00,000/- each				
7) India Millenium Deposit (USD 1000000)				
8) Resurgent India Bonds (USD 150000)				
9) 2,00,000 (previous year 2,00,000) fully paid up equity shares of Vishakha Polyfab Pvt. Ltd. of Rs. 10/- each				
10) 20,000(NIL) equity shares of KCCB of Rs. 25/- each				
OTHERS (QUOTED) (NON TRADE)				
1) NIL (3,350) fully paid up equity shares of State Bank of Travancore of Rs. 100/- each				
2) NIL (1,35,578) fully paid up equity shares of IndusInd Bank Ltd. of Rs. 10/- each				
3) NIL (6,91,838) equity shares of Rs. 10/- each of IFCI				
4) NIL (1,84,744) fully paid up equity shares of PNB Gilts Ltd. of Rs. 30/- each				
5) NIL (5,33,450) fully paid up equity shares of Unicorn Industries Ltd. of Rs. 10/- each				
SHORT TERM INVESTMENTS				
1) Kotak Mahindra K Liquid IP (2361330.846 units(NIL) of Rs. 10 each)				
2) Reliance Liquid Fund(2000000 units(NIL) of Rs. 10/- each)				
3) UTI Mutual Fund(6757474.249 units (NIL) of Rs. 10 each)				
Aggregate book value - Quoted				
Aggregate book value - Unquoted				
Aggregate market value - Quoted				



PURCHASED AND SOLD DURING THE YEAR	Face value (Rs.)	Nos. (in Crs.)	Cost
1) Grindlays Cash Fund Inst. Plan B - Growth	10	0.425	5.000
2) Grindlays Cash Fund Daily dividend	10	0.907	10.006
3) Grindlays Cash Fund Growth	10	0.740	8.500
4) Grindlays Floating Rate Fund Daily Dividend	10	0.695	7.003
5) HDFC Cash Management Fund	10	2.767	34.000
6) HDFC Cash Management Fund	10	0.381	5.000
7) HDFC Floating Rate	10	0.473	5.000
8) IL & FS Liquid Fund	10	1.329	15.000
9) Kotak Mahindra K Liquid IP	10	1.988	23.500
10) Principal Assets Management Co. Ltd	10	0.091	1.000
11) Prudential ICICI Liquid Plan	10	1.704	26.000
12) Prudential ICICI Liquid Fund	10	0.495	6.000
13) Reliance Liquid Fund	10	0.524	8.000
14) SBI Mutual Fund	10	0.571	6.000
15) Franklin Templeton India Liquid Fund	10	0.949	18.500
16) UTI AMC	10	0.695	7.000
17) UTI Mutual Fund Liquid Fund	10	7.270	74.500
18) Gujarat State Export Corporation	10	0.001	4.578
19) Gujarat Adani Port Ltd. Preference Shares	10	0.073	73.084
20) Shares of UCO Bank	10	0.001	0.003
21) Shares of Punjab National Bank	10	0.000	0.000

(Rs. in Crores)

PARTICULARS	AS AT 31-03-2004		AS AT 31-03-2003	
SCHEDULE : 7				
INVENTORIES				
(AS CERTIFIED BY THE MANAGEMENT)				
Raw material		5.57		5.07
Finished goods		286.91		129.45
Stores, chemicals & packing materials		1.78		2.50
Stock-in-process		0.30		0.23
Goods-in-transit		11.92		32.84
Licences		-		3.32
		<u>306.48</u>		<u>173.41</u>
SCHEDULE : 8				
RECEIVABLES (UNSECURED, CONSIDERED GOOD)				
Over six months		-		-
Considered good	182.73		323.45	
Considered doubtful	3.06		-	
	<u>185.79</u>		<u>323.45</u>	
Less :- Provision for doubtful debts	3.06	182.73	-	323.45
Others, considered good		1,378.75		790.59
		<u>1,561.48</u>		<u>1,114.04</u>
SCHEDULE : 9				
CASH & BANK BALANCES				
Cash on hand (including cheques on hand)		7.15		5.58
Balances with scheduled banks :-				
- In margin money account (lodged against bank guarantee & letter of credit)		115.69		105.67
- In margin money account (net of 100% letter of credit)		46.39		-
- In margin money account (net of buyer's credit facility)		14.01		-
- In fixed deposit account (pledged with govt. authorities)		40.88		25.36
- In current account		54.97		19.03
- In overdraft/cc account		5.78		-
- In EEFC account		0.36		-
- Unclaimed dividend account		0.09		0.09
- Post office savings bank A/c		-		-
		<u>285.32</u>		<u>155.73</u>



PARTICULARS	(Rs. in Crores)	
	AS AT 31-03-2004	AS AT 31-03-2003
SCHEDULE : 10		
LOANS & ADVANCES		
(UNSECURED, CONSIDERED GOOD)		
Loans	17.23	5.72
Advances recoverable in cash or kind or for value to be received	193.39	186.92
Interest accrued but not due	19.66	10.62
Interest accrued and due (NSC)	0.01	0.01
Advance payment of income tax (including TDS of Rs. 7.16 crores, previous year Rs. 13.32 crores)	10.03	13.50
	<u>240.32</u>	<u>216.77</u>
SCHEDULE : 11		
CURRENT LIABILITIES		
Sundry creditors	943.86	533.09
Other liabilities	125.35	154.98
Unclaimed dividend / Dividend payable	0.09	0.09
Interest accrued but not due	0.43	0.11
	<u>1069.73</u>	<u>688.27</u>
SCHEDULE : 12		
PROVISIONS		
Provision for taxation	7.24	5.04
Provision for leave encashment	0.69	0.47
Proposed dividend	9.27	6.62
Tax on dividend (including surcharge)	1.26	0.85
	<u>18.46</u>	<u>12.98</u>
SCHEDULE : 13		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
1) Deferred Revenue Expenditure	1.15	-
Less: 1/5th written of during the year	0.23	-
	0.92	-
2) Preliminary Expenses	0.02	-
Less : 1/5 amortised during the year (Rs. 59,000/-)	0.00	-
	0.02	-
	<u>0.94</u>	<u>-</u>



SCHEDULES 14 TO 19 FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

PARTICULARS	(Rs. in Crores)	
	2003-04	2002-03
SCHEDULE : 14		
SALES & OPERATING EARNINGS		
Sales	8613.58	4417.26
Export incentives	207.23	11.34
Commission & service charges (TDS Rs. 1.16 crores, PY Rs. 0.46 crores)	67.17	66.62
Insurance claim received	0.12	-
Miscellaneous income	32.41	8.34
	<u>8920.51</u>	<u>4503.56</u>
SCHEDULE : 15		
OTHER INCOME		
Dividend (gross)	0.02	0.08
Interest on investments	0.03	-
Profit/Loss on sale of investments (net)	73.15	59.57
Profit on surrender of rights	2.00	-
	<u>75.20</u>	<u>59.65</u>
SCHEDULE : 16		
COST OF MATERIALS		
Raw material consumed		
Opening stock	2.95	0.90
ADD : Purchases during the year	299.94	439.53
	<u>302.89</u>	<u>440.43</u>
LESS : Closing stock	5.57	5.07
	<u>297.32</u>	<u>435.36</u>
ADD : Processing charges	6.24	9.03
	<u>303.56</u>	<u>444.39</u>
Purchase of traded goods	8302.67	3721.49
Decrease / (Increase) in stock		
Opening stock of finished / traded goods	108.55	174.39
Closing stock of finished / traded goods	299.13	132.77
	<u>(190.58)</u>	<u>41.62</u>
Stock-in-process		
Opening stock	0.13	1.85
Closing stock	0.30	0.23
	<u>(0.17)</u>	<u>1.62</u>
	<u>8415.48</u>	<u>4209.12</u>
SCHEDULE : 17		
PERSONNEL EXPENSES		
Salaries & bonus	10.73	8.71
Contribution to provident & other funds	1.22	1.07
Staff welfare expenses	0.48	0.55
	<u>12.43</u>	<u>10.33</u>



(Rs. in Crores)

PARTICULARS	2003-04		2002-03	
SCHEDULE : 18				
OPERATION & OTHER EXPENSES				
Rent		1.51		1.80
Rates & taxes		9.10		2.69
Postage, telephone & telex expenses		2.24		2.27
Stationery & printing expenses		0.58		0.47
Bank commission / charges		21.79		19.11
REPAIRS TO :				
Office building	0.26		0.26	
Office equipments	0.30		0.34	
Others	0.44		0.56	
		1.00		1.16
Electric power expenses		3.18		4.27
Insurance expenses		2.50		3.30
Miscellaneous expenses		27.69		17.92
Loss of stock (accident)		0.05		0.06
Chemicals & consumables		2.71		3.65
Payment to auditors		0.16		0.17
Office expenses		1.75		0.25
Directors sitting fees		0.02		0.02
Loss on sale of assets (net)		0.33		0.06
Clearing & forwarding expenses		72.66		56.82
Packing expenses		16.74		24.17
Supervision & testing expenses		2.93		3.78
Sales promotion expenses		6.06		5.98
Bad-debts written-off (net of recovery Rs. 0.50 crores PY Rs. 0.63 crores)	40.01		35.83	
LESS :- Transferred from general reserve	39.97	0.04	34.87	0.96
Provision for bad & doubtful debts		3.06		-
Brokerage, commission & service charges		183.63		10.94
Membership & subscription		0.11		-
Legal & professional		0.02		-
Traveling & conveyance expenses		6.10		4.35
Exchange rate difference		0.10		11.24
		<u>366.06</u>		<u>175.44</u>
SCHEDULE : 19				
INTEREST EXPENSES				
Interest on term loans	18.73		19.51	
Interest on debentures	2.57		5.66	
Interest on bank borrowings	75.98		59.59	
		97.28		84.76
LESS : INTEREST INCOME				
Interest on deposit & others (gross)				
TDS of Rs. 1.88 crores		43.64		37.57
(Previous year Rs. 2.33 crores)		53.64		47.19



SCHEDULE: " 20 "

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES adopted by the Company in preparation and presentation of consolidated accounts:

1. Basis of accounting:

The financial statements are prepared in accordance with the requirement of the Companies Act, 1956, including the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India, as referred to in Section 211 (3C) of the Companies Act, 1956, under historical cost convention on an accrual basis.

2. Principles of consolidation:

a) The consolidated financial statements have been prepared in accordance with Accounting Standard 21 (AS 21) on "Consolidated Financial Statements", Accounting Standard 23 (AS 23) on "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard 27 (AS 27) on "Financial Reporting of Interest in Joint Venture" issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Adani Exports Limited (AEL) and its subsidiaries, associates and joint venture. Reference in the notes to "Group" shall mean to include AEL, its subsidiaries, associates and joint venture consolidated in these financial statements unless otherwise stated.

b) The consolidated financial statements have been prepared on the following basis.

i) The financial statements of the Group are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra group transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS) 21.

ii) In case of joint venture, the Group's share in the assets, liabilities, income and expenses has been accounted for using the proportionate consolidation method, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS) 27.

iii) In case of associates where the Group directly or indirectly holds more than 20% of equity, investments in associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 – "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

iv) The difference between the cost of investment in the subsidiaries, associates/joint venture over the net assets at the time of acquisition of the investment in the subsidiaries, associates/joint venture is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.

v) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations if any have been made in the consolidated financial statements.

vi) Investment in Adani Chemical Limited, a subsidiary company, whose financial statements reflect total assets of Rs. 2.61 crores as at 31st March, 2003 and total revenue of Rs. NIL, disposed off during the year, has not been included in preparation of the consolidated financial statements.

The list of companies included in consolidation, relationship with Adani Exports Limited and Adani Exports Limited's shareholding therein is as under:

Name of Company	Country of incorporation	Relationship	Shareholding	Reporting date
Adani Global Ltd. (AGL)	Mauritius	Subsidiary	100%	31-12-03
Adani Global FZE (AGFZE)	U.A.E.	Subsidiary	100% by AGL	31-12-03
Adani Global Pte Ltd. (AGPTE)	Singapore	Subsidiary	100% by AGL	31-12-03
Adani Petronet (Dahej) Port Pvt Ltd.	India	Associate	26%	31-03-04
Adani Wilmar Ltd. (AWL)	India	Joint venture	28.18%	31-03-04

The list of companies included in consolidation in the previous year, relationship with Adani Exports Limited and Adani Exports Limited's shareholding therein is as under:

Name of Company	Country of incorporation	Relationship	Shareholding	Reporting date
Adani Global Ltd. (AGL)	Mauritius	Subsidiary	100%	31-12-02
Adani Global FZE (AGFZE)	U.A.E.	Subsidiary	100% by AGL	31-12-02
Adani Global Pte Ltd. (AGPTE)	Singapore	Subsidiary	100% by AGL	31-12-02
Adani Chemical Ltd. (ACL)	India	Subsidiary	51.02%	31-03-03
Adani Wilmar Ltd. (AWL)	India	Joint venture	50%	31-03-03

3. Significant accounting policies:

a) SYSTEM OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, in accordance with Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, as adopted consistently by the Company. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

The preparation of financial statements in conformity with Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period.



- b) INVENTORIES
- i) Inventories are valued at lower of cost or net realisable value.
 - ii) The Custom duty in respect of closing inventory of finished goods is included as cost of inventory.
 - iii) The basis of determining cost for various categories of inventories are as follows:
 - a) Raw material : First in first out (FIFO)
 - b) Traded / Finished goods : First in first out (FIFO) / Specific identification of their individual costs as the case may be.
 - c) Licences on hand : Specific identification of their individual costs
 - d) Stores, chemical & packing materials : First in first out (FIFO)
- c) MATERIAL EVENTS
Material events occurring after the balance sheet date are taken into cognizance.
- d) CONTINGENT LIABILITIES
All liabilities have been provided for in the accounts except liabilities of a contingent nature which have been disclosed at their estimated value in the notes on accounts.
- e) PRIOR PERIOD ITEMS
Prior period expenses/income is accounted under the respective heads. Material items, if any, are disclosed separately by way of note.
- f) DEPRECIATION
- i) Depreciation on fixed assets is provided on straight-line method at rates and in the manner specified in Schedule XIV to the Companies Act, 1956 read with the relevant circulars issued by the Department of Company Affairs.
 - ii) Depreciation on assets acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition/disposal.
- g) REVENUE RECOGNITION
- i) Sales of goods is recognised on shipment or despatch to customer sales and net of sales-tax and return.
 - ii) Dividend income from investments is recognised when the Company's right to receive payment is established.
 - iii) Income from services rendered is accounted for when the work is performed.
 - iv) Interest revenues are recognised on time proportion basis taking into account the amount outstanding and the rate applicable.
- h) FIXED ASSETS
Fixed assets are stated at cost of acquisition or construction. They are stated at historical cost less accumulated depreciation.
- i) FOREIGN CURRENCY TRANSACTIONS
- i) Initial Recognition
Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.
 - ii) Conversion
At the year-end, monetary items denominated in foreign currencies, other than those covered by forward contracts, are converted into rupee equivalents at the year end exchange rates.
 - iii) Exchange Differences
All exchange differences arising on settlement and conversion on foreign currency transactions are included in the Profit and Loss Account, except in cases where they relate to the acquisition of fixed assets, in which case they are adjusted in the cost of the corresponding asset.
 - iv) Forward Exchange Contracts
In respect of transactions covered by forward exchange contracts, the difference between the forward rate and the exchange rate at the date of the transaction is recognised as income or expense over the life of the contract, except where it relates to fixed assets, in which case it is adjusted in the cost of the corresponding asset.
- j) INVESTMENTS
- i) Current investment are carried at the lower of cost and quoted/fair value, computed category wise. Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the Management.
 - ii) Investment in shares of foreign subsidiary company is expressed in Indian Currency at the rates of exchange prevailing at the time when the investment was made.
- k) RETIREMENT BENEFITS
- i) Provident Fund and Pension Fund: The Company contributes towards provident and pension fund which is administered by Central Government and are charged against revenue every year.
 - ii) Gratuity and Superannuation Fund: Liabilities for payment of gratuity & super annuation to employees are covered through group gratuity & super annuation scheme of Life Insurance Corporation of India and are charged against revenue every year.
 - iii) Leave Encashment: The Company has provided the liabilities pertaining to accrued leave encashment as at the year end in its books of accounts on the basis of the actuarial valuer's certificate.
- l) BORROWING COSTS
Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.
- m) SEGMENT ACCOUNTING
Accounting Standards Interpretation (ASI) 20 dated 14th February, 2004, issued by the Accounting Standards Board of the Institute of Chartered Accountants of India, on AS 17, Segment reporting clarifies that in case, by applying the definitions of "business segment" and "geographical segment" given in AS 17, it is concluded that there is neither more than one business segment nor more than one geographical segment, segment information as per AS 17 is not required to be disclosed.



- n) **RELATED PARTY TRANSACTIONS**
Disclosure of transactions with related parties, as required by Accounting Standard 18 on "Related Party Disclosures" has been set out in a separate statement annexed to this Schedule. Related parties as defined under clause 3 of the Accounting Standard have been identified on the basis of representations made by key managerial personnel and information available with the Company.
- o) **LEASES**
The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godowns, etc.) and land. The leasing arrangements which are not cancellable range between 11 months and five years generally, and are usually renewable by mutual consent on agreed terms. The aggregate lease rentals payable are charged as rent including lease rentals.
- p) **EARNING PER SHARE**
The Company reports basic and diluted earnings per share (EPS) in accordance with Accounting Standard-20 issued by the Institute of Chartered Accountants of India. The basic EPS has been computed by dividing the income available to equity shareholders by the weighted average number of equity shares outstanding during the accounting year.
- q) **DEFERRED TAXATION**
In accordance with Accounting Standard 22 on Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India, the deferred tax for timing differences between the book and tax profits for the year is accounted by using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date.
Deferred tax assets arising from timing differences are recognised to the extent there is virtual certainty that the assets can be realised in future.
Net outstanding balance in Deferred tax account is recognized as deferred tax liability/asset. The deferred tax account is used solely for reversing timing difference as and when crystallised.
- r) **COMMODITY HEDGING TRANSACTIONS**
The commodity hedging contracts are accounted on the date of their settlement & realised gain / loss in respect of settled contracts are recognised in the Profit and Loss account, together with the underlying transactions.
- s) **ACCOUNTING OF CLAIMS**
i) Claims received are accounted at the time of lodgement depending on the certainty of receipt and claims payable are accounted at the time of acceptance.
ii) Claims raised by government authorities regarding taxes and duties, which are disputed by the Company, are accounted based on legality of each claim. Adjustments, if any, are made in the year in which disputes are finally settled.
- t) **EXPORT INCENTIVES**
i) Export benefits under duty entitlement pass book and duty draw back are accounted on accrual basis to the extent considered receivable.
ii) Benefit on account of entitlement to import duty-free materials under the "Duty Exemption Pass Book Scheme" is recognised in the year of export.
- u) **PROPOSED DIVIDEND**
Dividend proposed by the Directors is provided for in the books of account pending approval at the Annual General Meeting.
- v) **CAPITAL WORK-IN-PROGRESS**
Advances paid towards the acquisition of fixed assets, and the cost of assets not put to use before the year ended, are disclosed under capital work-in-progress.
- w) **INSURANCE CLAIMS**
Insurance and other claims to the extent considered recoverable are accounted for in the year of claim based on the amount assessed by the surveyor. However, claims and refunds whose recovery can not be ascertained with reasonable certainty, are accounted for on acceptance/actual receipts basis.
- x) **DOUBTFUL DEBTS/ADVANCES**
Provision is made in the accounts for debts/advances which in the opinion of the Management are considered doubtful of recovery.
- y) **TAXATION**
Provision for taxation has been made in accordance with the income tax laws prevailing for the relevant assessment years.
- z) **MISCELLANEOUS EXPENDITURE**
Preliminary expenses are amortised over a period of five years.
- aa) **OTHER SIGNIFICANT ACCOUNTING POLICIES**
These are set out in the notes to accounts under "Statement of Accounting Policies" of the financial statements of the Company, AGL, AGFZE & AGPTE.
- (B) **NOTES ON ACCOUNTS:-**
1. In case of AGFZE, AGPTE and AGL the summarized revenue and expenses transactions at the year end reflected in profit & loss account have been translated into Indian Rupees at an average of monthly exchange rate.
The assets and liabilities in the balance sheet have been translated into Indian Rupees at the closing exchange rate at the year end. The resultant translation exchange, gain / loss has been disclosed as Exchange Reserves in Reserves and Surplus.



2. Contingent liabilities not provided for

PARTICULARS	(Rs. in Crores)	
	AS AT 31-03-2004	AS AT 31-03-2003
a) Claims against the Company not acknowledge as debts	36.95	3.47
b) In respect of corporate guarantee given:-		
i To Companies under the same management	548.87	635.62
ii For obligations to other parties	2.58	1.00
c) Demand against the Company not admitted as debts regarding sales tax against which appeals are pending	1.05	1.05
d) Demand against the Company not admitted as debts regarding custom duty against which appeals are pending	5.49	14.32
e) In respect of bank guarantees given towards		
i To govt. agencies for exports	-	10.90
ii Towards various demurrage claims under settlement	-	1.29
f) Letter of credit	52.64	-

g) Certain claims / show cause notices disputed have neither been considered as contingent liabilities nor acknowledged as claims based on the opinions obtained from prominent legal counsels.

3. Disclosure as required by Accounting Standard 19 on "Leases" issued by the Institute of Chartered Accountants of India are given below:

Being the Company is lessee:

- (i) The Company's significant leasing arrangements are in respect of godowns / residential / office premises (including furniture and fittings therein, as applicable). The aggregate lease rental payable are charged to profit and loss account as rent in Schedule 18.
- (ii) The leasing arrangements which are cancelable range between 11 months and 5 years. They are usually renewable by mutual consent on mutually agreeable terms. Under these arrangements, generally refundable interest free deposits have been given.
- (iii) The Company has leased port land situated in and forming part of the premises at Belekeri Port in Ankola Taluka, Karnataka. The lease payment to be made in the future in respect of the leases are as follows:-

	(Rs. in Crores)	
	As at 31st March , 2004	As at 31st March , 2003
Upto 1 year	0.10	0.06
Greater than 1 year but less than 5 years	0.38	0.26
Greater than 5 years	NIL	0.06

4. Related Party Disclosure (As identified by the Management)

i) Name of related parties & description of relationship

- a Associate Entities
 - Adani Properties Pvt. Ltd.
 - Adani Agro Pvt. Ltd.
 - Adani Port Infrastructure Ltd.
 - Adani Port Ltd.
 - Adani Chemicals Ltd. (wef 26-3-04)
 - Adani Power Pvt. Ltd.
 - B2C India Ltd.
 - G.A. International
 - Gujarat Adani Energy Ltd.
 - Gujarat Adani Infrastructer Pvt. Ltd.
 - Gujarat Adani Port Ltd.
 - I Call India Ltd.
 - Intercontinental (India)
 - Komal Marketing Pvt. Ltd.
 - Komal Infotech Pvt. Ltd.
 - Mundra Special Economic Zone Ltd.
 - Shantivan
- b Key Management Personnels
 - Shri Gautam S. Adani
 - Shri Rajesh S. Adani
 - Shri Vasant S. Adani
- c Relatives
 - GSA Family Trust
 - RSA Family Trust



ii) Nature & Volume of Transaction with Related Parties

		(Rs. in Crores)		
	PARTICULARS	Associate Entities	Key Mngt. Personnels	Relatives
1	Sales (net of return)	24.97	-	-
		45.18	-	-
2	Purchase (net of return)	17.89	-	-
		2.12	-	-
3	Sale of investment	93.71	-	1.89
		44.00	-	-
4	Sale of fixed assets	0.26	-	-
		-	-	-
5	Interest - received / (paid)	1.09	-	-
		-	-	-
6	Funds given [<i>includes investment in preference shares /equity participation/business arrangement</i>]	278.13	-	-
		35.70	-	-
7	Funds received [incl. redemption of preference share/business arrangement]	167.74	-	-
		85.43	-	-
8	Service rendered	2.00	-	-
		6.03	-	-
9	Service availed	29.38	-	-
		47.49	-	-
10	Rent paid	0.24	-	-
		0.27	-	0.04
11	Remuneration	-	1.02	-
		-	0.78	-
12	Guarantee & collateral securities (outstanding facility as on 31.03.2004)	249.51	-	-
		360.22	-	-
13	Balance outstanding as on 31st March, 2004	108.01	-	-
		79.84	-	-

5. Earning per share

(Rs. in Crores)

PARTICULARS	Year ended 31st March, 2004	Year ended 31st March, 2003
Net profit after tax provision (Rs. in crores)	140.06	110.20
Less: Preference dividend including tax thereon (Rs. in crores)	1.12	3.14
Net profit after tax available for equity shareholders (Rs. in crores)	138.94	107.06
Weighted average no. of equity shares of Rs. 10 each outstanding during the year	22047400	22047400
Basic earning per share (in Rs.)	63.02	48.56

The Company does not have any outstanding dilutive potential equity shares. Consequently the basic and diluted earning per share of the Company remain the same.

6. a) Deferred tax

(Rs. in Crores)

	As At 31st March, 2004	As At 31st March, 2003
Deferred tax liability on account of		
(i) Depreciation	8.41	9.56
Total	8.41	9.56
Deferred tax assets on account of		
(i) Miscellaneous expenditure	0.11	0.01
(ii) Brought forward capital loss	0.03	0.14
(iii) Diminution in value of investments	—	0.55
(iv) Leave encashment	0.28	0.20
(v) Other	1.10	0.01
Total	1.52	0.91
Net deferred tax liability	6.89	8.65

b) In accordance with "Accounting Standard 22", the deferred tax liability of Rs 0.78 crores (previous year liability of Rs.1.23 crores) for the year has been recognised in the profit & loss account.



7. The Group has 28.18% (previous year 50%) interest in a joint venture, Adani Wilmar Limited, incorporated in India. The following represents the Group's share of assets and liabilities as at 31st March, 2004 and income and expenses for the year ended on that date in the JV incorporated in the financial statements before elimination of intra-group transactions.

(Rs. in Crores)

Net Assets	As At 31st March, 2004	As At 31st March, 2003
Net fixed assets	39.22	40.26
Investments	0.57	1.01
Inventories	71.96	95.92
Debtors	12.62	17.06
Cash & bank balances	32.97	21.19
other assets	0.25	—
Loans & advances	10.82	6.39
Current liabilities	103.13	121.09
Deferred tax liability	4.10	5.81
Net assets	168.41	181.83
Profit & loss account		
Sales	514.53	628.01
Expenditure	505.15	614.75
Depreciation	1.25	2.05
Tax provision	3.12	2.36

Since, there has been decrease in percentage(%) of holding in joint venture, previous year figures are not comparable.

8. Previous year's figures have been regrouped wherever necessary to confirm to this year's classification.

Signature to Schedule " 1 " to " 20 ".

For and on behalf of the Board

GAUTAM S. ADANI
Chairman

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004

BIRVA C. PATEL
Company Secretary

RAJESH S. ADANI
Managing Director



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004

(Rs. in Crores)

Sr.	PARTICULARS	2003-04	2002-03
A	CASH FLOW FROM OPERATIONS		
	Net profit before tax & extraordinary items	145.54	117.03
	<i>Adjustment for :</i>		
	Depreciation	3.27	4.24
	Income from investments	(0.05)	(0.08)
	Loss on sale of investment	63.81	0.11
	Profit on sale of investment	(136.96)	(59.68)
	Profit on sale of assets	(2.03)	(0.15)
	Loss on sale of fixed assets	0.36	0.22
	Provision for bad Debts	3.06	0.00
	Deferred revenue expenditure	0.23	0.00
	Interest expense	97.28	84.76
	Interest income	(43.64)	(37.57)
		(14.67)	(8.16)
	Operating profit before working capital changes	130.87	108.87
	<i>Adjustment for:</i>		
	Trade & other receivables	(497.92)	(141.32)
	Inventories	(174.94)	(40.72)
	Loans & advances	(19.53)	17.34
	Trade payables	434.33	135.87
		(258.06)	(28.83)
	Cash generated from operations	(127.19)	80.04
	Direct tax (paid) / refund	0.14	(5.38)
	Net cash from operating activities	(127.05)	74.66
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Additions to fixed assets (including W.I.P.)	(18.23)	(6.44)
	Sale of fixed assets	2.88	0.78
	Deferred Revenue expenditure	(1.18)	0.00
	Sale of investments	162.62	69.25
	Purchase of investments	(69.73)	(1.34)
	Realisation of short term investments	0.16	0.00
	Income from investments	0.05	0.08
	Interest received	34.60	30.50
		111.17	92.83
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Share Application money	3.95	0.00
	Redemption of preference shares	0.00	(10.00)
	Proceeds from working capital borrowings	92.37	47.35
	Proceeds from long term borrowings	219.59	0.00
	Repayment of long term borrowings	(94.96)	(53.36)
	Proceeds from short term borrowings	48.72	(27.43)
	Interest paid	(100.43)	(88.61)
	Dividend paid	(7.62)	(8.07)
		161.62	(140.12)
D	OTHERS		
	Exchange Reserve	2.53	(1.55)
	Adjustments for Subsidiary & JV	(6.68)	(13.91)
	Net increase/(decrease) in cash & cash equivalents	141.59	11.91
	Cash & cash equivalent at the beginning of the year	155.73	143.82
	Cash & cash equivalent as at 31/03/2004	297.32	155.73

Notes : 1 The above cash flow statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS-3) on Cash Flow Statement issued by The Institute of Chartered Accountant of India.

2 Prior year comparatives have been reclassified to confirm with current year's presentation, where ever applicable.

3 Cash and cash equivalents includes Rs. 176.09 crores (previous year Rs. 105.67 crores), which are not available for use by the Company (refer schedule 9 to accounts)

4 As there is a change in percentage holding in joint venture and disinvestment of shares held in Indian subsidiary, adjustments relating to the difference arising on account of differential block of fixed assets, differential balance of Profit & Loss account, differential balance of Investments and differential balance of net current assets relating to joint venture and the subsidiary of the company considered for its consolidated financial statements are shown as "Adjustment for Subsidiary & J.V." in a consolidated statement of cash flow for the year ended 31st March, 2004.

5 Short term investments of Rs. 12 crores (previous year Rs. Nil) included in cash and cash equivalents.

As per our Attached report of even date

For DHARMESH PARIKH & CO.
Chartered Accountants

D. A. PARIKH
Proprietor

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004

BIRVA C. PATEL
Company Secretary

For and on behalf of the Board
GAUTAM S. ADANI
Chairman

RAJESH S. ADANI
Managing Director

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004



REPORT OF THE AUDITORS TO THE BOARD OF DIRECTORS OF ADANI EXPORTS LIMITED

1. We have examined the attached consolidated balance sheet of Adani Exports Limited, its subsidiaries, associate and joint venture as at March 31, 2004, the consolidated profit and loss account for the year ended on that date annexed thereto, and the consolidated cash flow statement for the year ended on that date which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform and audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. (a) We did not audit the financial statements of foreign subsidiaries Adani Global Limited and Adani Global Pte Limited, for the year ended 31st December, 2003 whose financial statements reflect total assets of Rs. 152.09 crores as at 31st December, 2003 and total revenue of Rs. 1007.49 crores for the year then ended. These financial statements have been audited by other auditors, whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.
(b) We did not audit the separate financial statements of other foreign subsidiary Adani Global FZE, for the year ended 31st December, 2003 whose unaudited financial statements reflect total assets of Rs. 128.84 crores as at 31st December, 2003 and total revenue of Rs. 888.87 crores for the year then ended. The said financial statements, which were furnished to us by the management, were unaudited. We are unable to express an opinion on true and fair view insofar as it relates to the amounts included in the consolidated financial statements in respect of the subsidiary, for the reasons as stated above.
4. We did not audit the financial statements of associate namely Adani Petronet (Dahej) Port Pvt Ltd., whose financial statements reflect total assets of Rs. 1.43 crores as at March 31, 2004 and total revenues of Rs. NIL for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of these associates, is based solely on the report of the other auditors.
5. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 on Consolidated Financial Statements, Accounting Standard 23 on Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard 27 on Financial Reporting of Interests in Joint Ventures, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Adani Exports Ltd., its subsidiaries, associates and joint ventures included in the consolidated financial statements.
6. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Adani Exports Limited, its subsidiaries, associate and joint venture, in our opinion the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the consolidated balance sheet, of the state of affairs of the Adani Exports Limited, its subsidiaries, associate and joint venture as at March 31, 2004;
 - b) in the case of the consolidated profit and loss account of the consolidated results of operations of the Adani Exports Limited, its subsidiaries, associate and joint venture for the year then ended; and
 - c) in the case of the consolidated cash flow statement, of the consolidated cash flow of the Adani Exports Limited, its subsidiaries, associate and joint venture for the year then ended.

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004

For DHARMESH PARIKH & CO.
Chartered Accountants

D. A. PARIKH
Proprietor

DIRECTOR'S REPORT

To,
The Shareholders
ADANI GLOBAL LIMITED
Port Louis, Mauritius

The Directors are pleased to present their report to the members together with the audited financial statements of the Company for the year ended 31st December, 2003.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of holding investment.

RESULT AND DIVIDEND

The results for the year are shown after auditor's report.

The Directors recommended the payment of a dividend of Rs. 0.44 crores for the year under review (2002; Rs. 1.88 crores).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors are responsible for the preparation of financial statements which comply with the Companies Act. In preparing those financial statements, the Directors have :

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

OTHERS

The Company's accounts have been drawn up in USD and certified by the Auditors in Mauritius. Based on this certification, the enclosed financial statements have been cast in line with the requirements under Indian Company Law and the results have been restated in Indian Rupee.

By order of the Board

JAYECHUND JINGREE
Director

DATE : 5TH MAY, 2004

AUDITORS' REPORT

To the Members of
ADANI GLOBAL LIMITED

The financial statements of ADANI GLOBAL LIMITED for the accounting year 31st December 2003, being a Company registered in the Republic of Mauritius, are audited by KPMG, Public Accountants, Port Louis, and we have been furnished with their audit report dated 3rd May, 2004.

We are presented with the accounts in Indian Rupees prepared on the basis of aforesaid accounts to comply with the requirements of Section 212 of the Companies Act, 1956. We give our report hereunder.:

1. We have audited the attached Balance Sheet of ADANI GLOBAL LIMITED as at 31st December, 2003, and the profit and loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. ADANI GLOBAL LIMITED is the wholly owned subsidiary of Adani Exports Limited incorporated in Republic of Mauritius. The provisions of the Companies Act, 1956 in India do not apply to this subsidiary.
5. Our audit is limited to the extent of verifying whether the financial statements have been made out of proper books of accounts and that the accounting standards as envisaged under Section 211(3C) of Companies Act, 1956 have been complied with and whether the accounts are presented in accordance with Schedule VI of the Companies Act, 1956.
6. Further to our comments in the annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The balance sheet and profit & loss account dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the balance sheet and profit & loss account dealt with this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the Directors, as on 31st December, 2003, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st December, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion, on the basis of information and explanations given to us and relying upon the above referred financial statements and auditor's report thereon, the accounts read with the notes thereon give the information required by the Companies Act 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i) in the case of the balance sheet, of the state of affairs of the Company as at 31st December, 2003;
 - ii) in the case of profit & loss account, of the profit for the year ended on that date; and
 - iii) in the case of cash flow statement, of the cash flows for the year ended on that date.

For DHARMESH PARIKH & CO.
Chartered Accountants

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004

D. A. PARIKH
Proprietor

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR AUDITOR'S REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2003 OF ADANI GLOBAL LIMITED

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:

- i) The Company has taken interest free loan from its subsidiary company. Other terms and conditions on which this loan has been taken are prima facie not prejudicial to the interest of the Company.
- ii) The Company has given unsecured loan to its subsidiary company. The rate of interest and other terms and conditions on which this loan has been given are prima facie not prejudicial to the interest of the Company.
- iii) Provisions of Section 301 of the Companies Act, 1956 do not apply to the Company as it is incorporated outside India.
- iv) According to the information and explanations given to us no personal expenses have been charged to revenue account other than those payable under the contractual obligations or in accordance with the generally accepted business practices.
- v) The Company has maintained proper records of transactions and contracts in respect of trading in shares and timely entries have been made in such records. The Company's investment have been held in its own name.

In our opinion clauses of Manufacturing and Other Companies (Auditor's Report) Order, 1988 numbering 4A (i), (ii), (iii), (iv), (v), (vi), (ix), (x), (xii), (xiii), (xiv), (xv), (xvi), (xvii), (xviii), (xx), 4B, 4C and 4(D)(ii), (iii) are not applicable to this Company.

For DHARMESH PARIKH & CO.
Chartered Accountants

D. A. PARIKH
Proprietor

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004

BALANCE SHEET AS AT 31ST DECEMBER, 2003

(Rs. in Crores)

PARTICULARS	SCHEDULE	AS AT 31-12-2003		AS AT 31-12-2002	
A SOURCES OF FUNDS :					
I. SHAREHOLDERS' FUND					
(A) Share capital	1	44.14		45.35	
(B) Reserves & surplus	2	1.58		3.10	
			45.72		48.45
II. LOAN FUNDS			0.00		0.00
TOTAL			<u>45.72</u>		<u>48.45</u>
B APPLICATION OF FUNDS :					
I. FIXED ASSETS			0.00		0.00
II. INVESTMENTS	3		42.08		43.81
III. CURRENT ASSETS, LOANS & ADVANCES					
(A) Cash & bank balances	4	0.03		0.05	
(B) Loans & advances	5	9.64		8.85	
		<u>9.67</u>		<u>8.90</u>	
LESS :-					
CURRENT LIABILITIES & PROVISIONS					
(A) Current liabilities	6	5.56		2.32	
(B) Provisions	7	0.47		1.94	
		<u>6.03</u>		<u>4.26</u>	
NET CURRENT ASSETS			3.64		4.64
TOTAL			<u>45.72</u>		<u>48.45</u>

Notes forming part of the accounts

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As per our attached report of even date

For and on behalf of the Board

For DHARMESH PARIKH & CO.
Chartered Accountants

JAYECHUND JINGREE
Director

D. A. PARIKH
Proprietor

SUSHIL KUMAR JOGOO
Director

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2003

(Rs. in Crores)					
PARTICULARS	SCHEDULE	2003		2002	
A INCOME :					
Sales & operating earnings	8		1.17		2.16
			<u>1.17</u>		<u>2.16</u>
B EXPENDITURE :					
Operation & other expenses	9		0.03		0.12
			<u>0.03</u>		<u>0.12</u>
Profit for the year before taxation			1.14		2.04
Provision for taxation:					
- Current tax			0.03		0.06
Profit after taxation			1.11		1.98
Add : Surplus brought forward from previous year			0.92		0.88
Profit available for appropriation			<u>2.03</u>		<u>2.86</u>
APPROPRIATIONS :					
Dividend on preference shares			0.44		1.88
Balance carried to balance sheet			1.59		0.98
			<u>2.03</u>		<u>2.86</u>
Earning per share - of US \$ 100 each (in Rupees)					
- Basic & Diluted			104.85		15.02
- Annualised			<u>104.85</u>		<u>15.02</u>

Notes forming part of the accounts
As per our attached report of even date

10

For and on behalf of the Board

For DHARMESH PARIKH & CO.
Chartered Accountants

JAYECHUND JINGREE
Director

D. A. PARIKH
Proprietor

SUSHIL KUMAR JOGOO
Director

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004

SCHEDULES 1 TO 7 FORMING PART OF THE BALANCE SHEET AS AT 31ST DECEMBER, 2003

(Rs. in Crores)

PARTICULARS	31-12-2003		31-12-2002	
SCHEDULE : 1				
SHARE CAPITAL				
AUTHORISED				
64000 ordinary shares of USD 100 each		30.89		30.89
95000 10 % redeemable preference shares of USD 100 each		28.92		14.46
		59.81		45.35
ISSUED, SUBSCRIBED & PAID-UP				
64000 ordinary shares of USD 100 each		30.89		30.89
Of the above 64000 (previous year 64000) shares are held by Adani Exports Limited , a holding company				
32790 (previous year 36000) 10% redeemable preference shares of USD 100 each		13.25		14.46
Of the above 32790 (previous year 36000) shares are held by Adani Exports Limited, a holding company				
16050 redeemable preference shares privately placed with holding company, redeemable at par in 5 equal instalments commenced from 28/12/03				
19950 redeemable preference shares privately placed with holding company, redeemable at par in 5 equal instalments, shall be commencing from 05/08/2004		44.14		45.35
SCHEDULE : 2				
RESERVES & SURPLUS				
Exchange reserve		(0.02)		(0.04)
Translation reserve		0.01		2.16
Surplus in profit & loss account		1.59		0.98
		1.58		3.10
SCHEDULE : 3				
INVESTMENTS (LONG-TERM) (NON TRADE)				
Investment in Subsidiary Companies (Unquoted)				
1) 18 (PY 18) equity shares of Adani Global FZE of AED 10,00,000 each		22.38		23.30
2) 88,85,000 (PY 88,85,000) equity shares of Adani Global Pte. Ltd. (Singapore)of S\$ 1 each.		19.70		20.51
		42.08		43.81
SCHEDULE : 4				
CASH & BANK BALANCES				
Cash & bank balances		0.03		0.05
		0.03		0.05
SCHEDULE : 5				
LOANS & ADVANCES (UNSECURED, CONSIDERED GOOD)				
Advances recoverable in cash or kind or for value to be received		1.55		1.17
Interest accrued but not due		8.09		7.68
		9.64		8.85
SCHEDULE : 6				
CURRENT LIABILITIES				
Sundry creditors		5.54		2.29
Other liabilities		0.02		0.03
		5.56		2.32
SCHEDULE : 7				
PROVISIONS				
Provision for taxation		0.03		0.06
Proposed dividend		0.44		1.88
		0.47		1.94

SCHEDULES 8 TO 9 FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR 2003

(Rs. in Crores)

PARTICULARS	2003		2002	
SCHEDULE : 8				
SALES & OPERATING EARNINGS				
Miscellaneous income		1.17		2.16
		<u>1.17</u>		<u>2.16</u>
SCHEDULE : 9				
OPERATION & OTHER EXPENSES				
Miscellaneous expenses		0.01		0.01
Payment to auditors		0.01		0.01
Loss on sale of investment		-		0.03
Membership & subscription		0.01		0.01
Exchange rate difference		-		0.06
		<u>0.03</u>		<u>0.12</u>

SCHEDULE: " 10 "

NOTES FORMING PART OF THE ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES adopted by the Company in the preparation and presentation of the accounts:-

a) SYSTEM OF ACCOUNTING

- i) The accounts are prepared on the historical cost basis and on the accounting principles of a going concern.
- ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.
- iii) All expenditure and income to the extent considered payable and receivable respectively are accounted for on accrual basis except those with significant uncertainties.

b) CONVERSION TO INDIAN RUPEES

For the purpose of accounts, all income and expense items are converted at the average rate of exchange applicable for the year. All assets and liabilities are translated at the closing rate as on the balance sheet date. The exchange difference arising out of the year-end translation is debited or credited to translation reserve.

The share capital is carried forward at the rate of exchange prevailing on the transaction date. The resulting exchange difference on account of translation at the year end are transferred to translation reserve account and the said account is being treated as "Reserve and Surplus".

c) REVENUE RECOGNITION

Revenue represents dividends, bank interest and other interests receivable for the year.

d) TAXATION

The Company is subject to income tax in Mauritius at the rate of 15%. It is however, entitled to a tax credit equivalent to the higher of the foreign tax paid and 80% of the Mauritius tax on its foreign source income.

(B) NOTES ON ACCOUNTS:-

1. CORPORATE INFORMATION

The Company was incorporated as a private limited company in the Republic of Mauritius on 21st January, 1997. The principal activity of the Company is international trading and its income is mainly derived from investment.

The financial statements are prepared in United States Dollars(USD). The Company as a holder of a Category 1 Global Business Licence under the Companies Act 2001 and the Financial Services Development Act 2001 is required to carry on its business in a currency other than the Mauritius rupee. Since the core activities are held in USD, the financial statements are prepared in USD.

2. The Company is a wholly owned subsidiary of Adani Exports Limited. The accounts have been prepared and audited for the purpose of attachment to the accounts of the Holding Company to comply with the provisions of the Indian Companies Act, 1956.

3. The transactions are in local currency United States Dollars(USD), which have been converted into Indian Currency (Indian Rupees) for reporting and the rate applied is as per para (b) of the significant accounting policies.

4. Receivable includes: - Amount due from a subsidiary company of Rs. 9.64 crores.

5. Unsecured loan includes:- Amount due to a subsidiary company Rs. 5.54 crores.

6. Related party disclosure (As identified by the Management)

i) Name of related parties & description of relationship

- a Controlling companies
Adani Exports Ltd.
- b Subsidiary companies
Adani Global Pte Ltd.
Adani Global FZE

(Rs. in Crores)

ii) Nature & volume of transaction with related parties

PARTICULARS	Controlling Company	Subsidiary Company
1 Interest - received / (paid)	-	0.72
2 Dividend - received / (paid)	(1.84)	0.44
3 Funds given [includes redemption of preference shares]	1.49	-
4 Funds received	-	3.41
5 Balance outstanding as on 31st December, 2003 due from	-	4.10

7. Earning per share

Particulars	Year ended 31st December, 2003
Net profit after tax provision (Rs. in crores)	1.11
Less: preference dividend including tax thereon (Rs. in crores)	0.44
Net profit after tax available for equity shareholders (Rs. in crores)	0.67
Weighted average no. of equity shares of USD 100 each outstanding during the year	64000
Basic earning per share (in Rs.)	104.85

8. a) Previous year's figures have been regrouped wherever necessary to confirm to this year's classification.
 b) As this is the first year for which, foreign subsidiary accounts are presented as per requirement u/s. 212 of the Companies Act, 1956, previous year figures are not compiled in case of Schedule " 10 " - "Notes forming parts of the Accounts".

Signature to Schedule " 1 " to " 10 "

For and on behalf of the Board

JAYECHUND JINGREE
Director

SUSHIL KUMAR JOGOO
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2003

PARTICULARS	(Rs. In Crores)	
	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before taxation	1.14	2.04
Adjustments for:		
Loss on disposal of investments	-	0.03
Exchange loss on disposal of investments	-	0.06
Interest receivable	(0.71)	(1.48)
Profit from operations before working capital changes	0.43	0.65
Decrease in other payables	(0.01)	(0.01)
Increase in other receivables	(1.14)	(1.83)
Cash generated from operations	(0.72)	(1.19)
Taxation paid	(0.06)	-
Net cash used in operating activities	(0.78)	(1.19)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments	-	(28.49)
Proceeds from disposal of investments	-	1.32
Interest received	0.71	0.00
Net cash flows from investing activities	0.71	(27.17)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	-	28.50
Proceeds from loan from subsidiary	3.35	0.62
Redemption of shares	(1.47)	-
Dividend paid	(1.81)	(0.68)
Net cash flows from financing activities	0.07	28.44
OTHERS		
Exchange reserve	(0.02)	(0.03)
	(0.02)	(0.03)
Net increase in cash and cash equivalents	(0.02)	0.05
Cash & cash equivalents at the beginning of the year	0.05	-
Cash & cash equivalents at the end of the year	0.03	0.05

Notes :

- The above cash flow statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS) - 3 on Cash Flow Statement issued by The Institute of Chartered Accountants of India.
- Prior year comparatives have been reclassified to confirm with current year's presentation, where ever applicable.

As per our attached report of even date.

For DHARMESH PARIKH & CO.
Chartered Accountants

D. A. PARIKH
Proprietor

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004

For and on behalf of the Board

JAYECHUND JINGREE
Director

SUSHIL KUMAR JOGOO
Director

DIRECTOR'S REPORT

To,

The Shareholders
ADANI GLOBAL FZE
Jebel Ali, Dubai
U.A.E.

The Directors have pleasure in submitting the financial statement of Adani Global FZE, Jebel Ali, Dubai for the period ended 31st December, 2003.

REVIEW OF OPERATIONS

The Company has done well during the period. The Directors are confident of maintaining the growth rate in the volume of business and profit.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors are responsible for the preparation of financial statements which comply with the Companies Act. In preparing those financial statements, the Directors have :

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TURNOVER, PROFIT AND DIVIDEND

The turnover of the Company for the period ended 31st December, 2003 reached Rs. 886.17 crores.

The net profit before the declaration of dividend is Rs. 49.75 crores. The Board of Directors declared enhanced dividend of Rs. 0.43 crores for the period ending 31st December, 2003.

EVENTS AFTER THE BALANCE SHEET DATE

There were no major events occurred after the balance sheet date which materially affected the Company's day-to-day business.

DIRECTORS

Following are the Directors of the Company during the period –

Mr. Vinod Shantilal Shah – Indian National
Mr. Bhavik Bharatkumar Shah – Indian National

AUDITORS

KPMG, Audit and Accounting, Dubai who have conducted audit during the period have retired and indicated their willingness to continue as auditors of the Company. A resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

OTHERS

The Company's accounts have been drawn up in AED and certified by the Auditors in Dubai, U.A.E.. Based on this certification, the enclosed financial statements have been cast in line with the requirements under Indian Company Law and the results have been restated in Indian Rupee.

By order of the Board

VINOD SHANTILAL SHAH
Chairman

DATE : 15TH MAY, 2004

AUDITOR'S REPORT

To,
The Members
ADANI GLOBAL FZE

The financial statements of ADANI GLOBAL FZE for the accounting year 31st December, 2003, being a company registered in Free Zone Establishment in the Jebel Ali Free Zone of United Arab Emirates are audited by KPMG, Public Accountants, Dubai, and we have been furnished with their audit report dated 12th May, 2004.

We are presented with the accounts in Indian Rupees prepared on the basis of aforesaid accounts to comply with the requirements of Section 212 of the Companies Act, 1956. We give our report hereunder.:

1. We have audited the attached balance sheet of ADANI GLOBAL FZE as at 31st December, 2003, and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. ADANI GLOBAL FZE is the wholly owned subsidiary of Adani Global Limited, incorporated in U.A.E. The provisions of the Companies Act, 1956 in India do not apply to this subsidiary.
5. Our audit is limited to the extent of verifying whether the financial statements have been made out of proper books of accounts and that the accounting standards as envisaged under Section 211(3C) of Companies Act, 1956 have been complied with and whether the accounts are presented in accordance with Schedule VI of the Companies Act, 1956.
6. Further to our comments in the annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The balance sheet and profit & loss account dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the balance sheet and profit & loss account dealt with this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the Directors, as on 31st December, 2003, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st December, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion, on the basis of information and explanations given to us and relying upon the above referred financial statements and auditor's report thereon, the accounts read with the notes thereon give the information required by the Companies Act 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i) in the case of the balance sheet, of the state of affairs of the Company as at 31st December, 2003;
 - ii) in the case of profit & loss account, of the profit for the year ended on that date; and
 - iii) in the case of cash flow statement, of the cash flows for the year ended on that date.

PLACE : AHMEDABAD
DATE : 15TH MAY, 2004

For DHARMESH PARIKH & CO.
Chartered Accountants

D. A. PARIKH
Proprietor

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR AUDITOR'S REPORT OF EVEN DATE
ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2003 OF ADANI GLOBAL FZE**

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the Management during the year and no material discrepancies were noticed on such verification.
- ii) None of the fixed assets have been revalued during the year under review;
- iii) As explained to us, the stocks of finished goods have been physically verified during the year by the Management, except for stocks lying with outside parties, which have, however, been confirmed by them;
- iv) The procedures explained to us, which are followed by the Management for physical verification of the above referred stocks, are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;
- v) As per information and explanation give to us, the discrepancies noticed on verification between the physical stocks and book records were not material.
- vi) As per information and explanation given to us, the valuation of stock is in accordance with the normally accepted accounting principles, and is on the same basis as in the preceding financial year.
- vii) The Company has taken unsecured loan from its holding company. The rate of interest and other terms and conditions on which this loan has been taken are prima facie not prejudicial to the interest of the Company.
- viii) The Company has given interest free unsecured loan to its holding Company. Other terms and conditions on which this loan has been taken are prima facie not prejudicial to the interest of the company.
- ix) In our opinion, and according to the information and explanation given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of plant and machinery, equipments and other assets, and also for sale of goods.
- x) Provisions of Section 301 of the Companies Act, 1956 do not apply to the Company as it is incorporated outside India.
- xi) According to the information given to us, the Company has a procedure for the determination of damaged or unserviceable finished goods. We are informed that no such stocks have been determined during the year under review.
- xii) According to the information and explanations given to us no personal expenses have been charged to revenue account other than those payable under the contractual obligations or in accordance with the generally accepted business practices.
- xiii) In respect of the trading activities, damaged goods have been determined at the time of physical verification, consequential adjustments, which were not significant, have been made in the accounts.

In our opinion clauses of Manufacturing and Other Companies (Auditor's Report) Order, 1988 numbering 4A, (ix), (xiii), (xiv), (xv), (xvi), (xvii), (xviii), (xx), 4B and 4D are not applicable to this Company.

PLACE : AHMEDABAD
DATE : 15THMAY, 2004

For DHARMESH PARIKH & CO.
Chartered Accountants

D. A. PARIKH
Proprietor

BALANCE SHEET AS AT 31ST DECEMBER, 2003

(Rs. in Crores)

PARTICULARS	SCHEDULE	As At 31st December 2003		As At 31st December 2002	
A SOURCES OF FUNDS :					
I. SHAREHOLDERS' FUND					
(A) Share capital	1	23.02		23.02	
(B) Reserves & surplus	2	48.45		40.98	
			71.47		64.00
II. LOAN FUNDS					
(A) Secured loans		0.00		0.00	
(B) Unsecured loans	3	3.66		6.13	
			3.66		6.13
TOTAL			75.13		70.13
B APPLICATION OF FUNDS :					
I. FIXED ASSETS					
(A) Gross block	4	3.08		3.19	
(B) Less : Depreciation		2.70		2.59	
(C) Net block			0.38		0.60
II. INVESTMENTS	5		4.56		5.45
III. CURRENT ASSETS, LOANS & ADVANCES					
(A) Inventories	6	15.05		0.02	
(B) Receivables	7	76.10		87.57	
(C) Cash & bank balances	8	26.78		10.14	
(D) Loans & advances	9	5.97		7.95	
		123.90		105.68	
LESS :-					
CURRENT LIABILITIES & PROVISIONS					
(A) Current liabilities	10	53.28		41.15	
(B) Provisions	11	0.43		0.45	
		53.71		41.60	
NET CURRENT ASSETS			70.19		64.08
TOTAL			75.13		70.13

Notes forming part of the accounts
As per our attached report of even date

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For DHARMESH PARIKH & CO.
Chartered Accountants

D. A. PARIKH
Proprietor

PLACE : AHMEDABAD
DATE : 15TH MAY, 2004

For and on behalf of the Board

VINOD SHANTILAL SHAH
Chairman

BHAVIK BHARAT KUMAR SHAH
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2003

		(Rs. in Crores)			
PARTICULARS	SCHEDULE	2003		2002	
A INCOME :					
Sales & Operating earnings	12		888.87		715.95
			<u>888.87</u>		<u>715.95</u>
B EXPENDITURE :					
Cost of materials	13		867.44		694.27
Personnel expenses	14		1.61		1.32
Operation & other expenses	15		3.83		2.90
Interest	16		5.17		4.32
Depreciation			0.21		0.29
			<u>878.26</u>		<u>703.10</u>
Profit for the year before taxation			<u>10.61</u>		<u>12.85</u>
Provision for taxation:					
- Current tax			0.00		0.00
Profit after taxation			10.61		12.85
Add : Surplus brought forward from previous year			39.14		28.58
Profit available for appropriation			<u>49.75</u>		<u>41.43</u>
APPROPRIATIONS :					
Proposed dividend on equity shares			0.43		0.45
Balance carried to balance sheet			49.32		40.98
			<u>49.75</u>		<u>41.43</u>
Earning per share - of AED 1000000- each (In Rupees)					
- Basic & Diluted			5895590.86		7140359.25
- Annualised			5895590.86		7140359.25

Notes forming part of the accounts
As per our attached report of even date

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For DHARMESH PARIKH & CO.
Chartered Accountants

D. A. PARIKH
Proprietor

PLACE : AHMEDABAD
DATE : 15TH MAY, 2004

For and on behalf of the Board

VINOD SHANTILAL SHAH
Chairman

BHAVIK BHARAT KUMAR SHAH
Director

SCHEDULES 1 TO 11 FORMING PART OF THE BALANCE SHEET AS AT 31ST DECEMBER, 2003

(Rs. in Crores)

PARTICULARS	AS AT 31-12-2003		AS AT 31-12-2002	
	SCHEDULE : 1 SHARE CAPITAL AUTHORISED 18 Equity Shares of AED 1,000,000/- each ISSUED, SUBSCRIBED & PAID-UP 18 Equity Shares of AED 1,000,000/- each (Above shares are held by Adani Global Ltd., a holding company)		23.02	
		23.02		23.02
		23.02		23.02
SCHEDULE : 2 RESERVES & SURPLUS Exchange reserve Translation reserve Surplus in profit & loss account		(0.21) (0.66) 49.32 48.45		(0.25) 0.25 40.98 40.98
SCHEDULE : 3 UNSECURED LOANS Loans from shareholder Loans from banks / financial institutions		3.66 0.00 3.66		6.10 0.03 6.13

SCHEDULE : 4

FIXED ASSETS

(Rs. in Crores)

Sr. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01/01/03	Additions during the year	Deductions during the year	As at 31/12/03	As at 01/01/03	Provided for the year	Deductions during the year	As at 31/12/03	As at 31/12/03	As at 31/12/02
1	Building	1.14	0.00	0.00	1.14	1.14	0.00	0.00	1.14	0.00	0.00
2	Furniture & fixtures	1.32	0.00	0.00	1.32	0.93	0.11	0.00	1.04	0.28	0.39
3	Office equipment	0.27	0.02	0.00	0.29	0.20	0.02	0.00	0.22	0.07	0.07
4	Vehicles	0.46	0.00	0.13	0.33	0.32	0.08	0.10	0.30	0.03	0.14
	Total	3.19	0.02	0.13	3.08	2.59	0.21	0.10	2.70	0.38	0.60
	Previous year	2.72	0.47	0.00	3.19	2.30	0.29	0.00	2.59	0.60	-

(Rs. in Crores)

PARTICULARS	AS AT 31-12-2003		AS AT 31-12-2002	
	SCHEDULE : 5 INVESTMENTS LONG TERM INVESTMENT UNQUOTED India millenium deposit Resurgent india bonds		4.56 0.00 4.56	
SCHEDULE : 6 INVENTORIES (AS CERTIFIED BY THE MANAGEMENT) Finished goods Goods-in-transit		3.13 11.92 15.05		0.02 0.00 0.02
SCHEDULE : 7 RECEIVABLES (UNSECURED, CONSIDERED GOOD) Others		76.10 76.10		87.57 87.57
SCHEDULE : 8 CASH & BANK BALANCES Cash in hand Fixed deposit with Banks Cash at Bank		0.02 3.42 23.34 26.78		0.03 5.57 4.54 10.14

(Rs. in Crores)

PARTICULARS	AS AT 31-12-2003		AS AT 31-12-2002	
SCHEDULE : 9				
LOANS & ADVANCES (UNSECURED, CONSIDERED GOOD)				
Advances recoverable in cash or kind or for value to be received		5.97		7.95
		<u>5.97</u>		<u>7.95</u>
SCHEDULE : 10				
CURRENT LIABILITIES				
Sundry creditors		42.01		36.91
Other liabilities		11.27		4.24
		<u>53.28</u>		<u>41.15</u>
SCHEDULE : 11				
PROVISIONS				
Proposed dividend		0.43		0.45
		<u>0.43</u>		<u>0.45</u>

SCHEDULES 12 TO 16 FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2003

(Rs. in Crores)

PARTICULARS	2003		2002	
SCHEDULE : 12				
SALES & OPERATING EARNINGS				
Sales		886.17		715.81
Miscellaneous income		2.70		0.14
		<u>888.87</u>		<u>715.95</u>
SCHEDULE : 13				
COST OF MATERIALS				
Purchase of traded goods		882.77		686.83
Decrease / (increase) in stock				
Opening stock of finished / traded goods	0.02		7.46	
Closing stock of finished / traded goods	15.35		0.02	
		<u>(15.33)</u>		<u>7.44</u>
		<u>867.44</u>		<u>694.27</u>
SCHEDULE : 14				
PERSONNEL EXPENSES				
Salaries & bonus		1.61		1.32
		<u>1.61</u>		<u>1.32</u>
SCHEDULE : 15				
OPERATION & OTHER EXPENSES				
Rent		0.41		0.41
Miscellaneous expenses		0.00		1.50
Office expenses		1.42		0.00
Clearing & forwarding expenses		1.96		0.99
Exchange rate difference		0.04		0.00
		<u>3.83</u>		<u>2.90</u>
SCHEDULE : 16				
INTEREST				
Interest expenses				
Interest on others	0.72		1.50	
Interest on bank borrowings	5.01		3.47	
		<u>5.73</u>		<u>4.97</u>
Less : Interest income				
Interest on deposit & others (gross)		0.56		0.65
		<u>5.17</u>		<u>4.32</u>

SCHEDULE: " 17 "

NOTES FORMING PART OF THE ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES adopted by the Company in the preparation and presentation of the accounts:-

a) SYSTEM OF ACCOUNTING

- i) The accounts are prepared on the historical cost basis and on the accounting principles of a going concern.
- ii) Accounting policies, not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.
- iii) All expenditure and income to the extent considered payable and receivable respectively are accounted for on accrual basis except those with significant uncertainties.

b) CONVERSION TO INDIAN RUPEES

For the purpose of accounts, all income and expense items are converted at the average rate of exchange applicable for the year. All assets and liabilities are translated at the closing rate as on the balance sheet date. The exchange difference arising out of the year end translation is debited or credited to translation reserve.

The share capital is carried forward at the rate of exchange prevailing on the transaction date. The resulting exchange difference on account of translation at the year end are transferred to translation reserve account and the said account is being treated as "Reserve and Surplus".

c) FIXED ASSETS

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any, property, plant and equipment are being depreciated on the straight line basis so as to write them off over their estimated useful life as follows:

	Life (Years)
Building	6-7
Furniture and Fixtures	5
Office Equipment	5
Motor vehicles	3

d) INVENTORIES

Inventories are carried at the lower of cost and estimated net realizable value. Cost is determined under the weighted average cost method. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

e) REVENUE RECOGNITION

The Company's sales are on transshipment basis i.e. the supplier ships goods directly to the customer, revenue is recognized when the significant risks and rewards relating to ownership of the goods concerned are transferred to the customer.

f) INVESTMENT-HELD TO MATURITY

Held to maturity investments are debt investments with fixed repayments and maturity that the Company has the intent and ability to hold to maturity. The investment is stated at amortized cost less impairment losses.

g) PROVISIONS

A provision is recognized in the balance sheet where the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

h) BORROWING COSTS

Interest is payable at normal commercial rates. Borrowing costs are recognised as expenses in the period in which they are incurred.

i) OPERATING LEASES

Payment made under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

(B) NOTES ON ACCOUNTS:-

1. Corporate information

Adani Global FZE ("the Company") is registered as a Free Zone Establishment in the Jebel Ali Free Zone of United Arab Emirates. The Company is formed with limited liability pursuant to Law No 9 of 1993 and the implementing regulations issued there under by the Jebel Ali Free Zone Authority. The Company was incorporated on 22nd November, 1997. The Company is a wholly owned subsidiary of Adani Global Limited, (the "Holding Company"), a private company incorporated in Mauritius. Adani Exports Limited, India is the "Ultimate Holding Company". The Company commenced commercial operations on 15th May, 1998.

2. Immediate and ultimate holding companies.

The Company's immediate parent company is Adani Global Limited, which is incorporated in Mauritius. The Company's ultimate holding company is Adani Exports Limited, a company incorporated in India.

3. The transactions are in local currency United Arab Emirates Dirhams("AED"), which have been converted into Indian Currency (Indian Rupees) for reporting and the rate applied is as per para (b) of the significant accounting policies.

4. Receivable includes: -

Amount due from the ultimate holding company of Rs. 0.91 crores.

5. Current liabilities include

(a) Amount due to the ultimate holding company Rs. 23.69 crores.

(b) Amount due to company in which one of the Director is interested Rs. 8.83 crores.

6. Unsecured loan includes:-

Rs. 4.09 crores from the holding company.

7. Contingent liabilities and capital commitments (Rs. in Crores)

31st DEC 2003

Guarantees	0.14
Letters' of credit	52.64

8. Related party disclosure (As identified by the Management)

i) Name of related parties & description of relationship

a Controlling companies

Adani Exports Ltd.

Adani Global Ltd.

b Subsidiary companies

-

c Fellow subsidiary

Adani Global Pte Ltd.

d Associate entities

G. A. International

ii) Nature & volume of transaction with related parties

(Rs. in Crores)

PARTICULARS	Controlling Company	Fellow Subsidiary	Associate Entities
1 Sales (net of return)	89.06	-	24.09
2 Purchase (net of return)	62.57	78.16	17.76
3 Interest - received / (paid)	(0.72)	-	-
4 Dividend - received / (paid)	(0.44)	-	-
5 Service availed	0.38	-	-
6 Balance outstanding as on 31st December 2003. due to	26.88	8.83	0.00

9. Operating leases

Leases as lessee

Non-cancelable operating lease rentals are payable as follows:

(Rs. in Crores)

	(Rs. in Crores)
Upto 1 year	0.06
Greater than 1 year but less than 5 years	0.25
Greater than 5 years	NIL

The Company also leases residential properties under operating leases. The lease runs for a period of 1 years with an option to renew the lease on expiry of lease period. Lease payments made during the year are recognised as expenses for the year in income statement.

10. Earning per share

PARTICULARS	Year ended 31st December, 2003
Net profit after tax available for equity shareholders (Rs. in crores)	10.61
Weighted average no. of equity shares of AED 10,00,000 each outstanding during the year	18
Basic earning per share (in Rs.)	5895590.86

12. a) Previous year's figures have been regrouped wherever necessary to confirm to this year's classification.
b) As this is the first year for which, foreign subsidiary accounts are presented as per requirement U/s. 212 of the Companies Act, 1956, previous year figures are not compiled in case of Schedule " 17 " - "Notes forming parts of the accounts".

Signature to Schedule " 1 " to " 17 "

For and on behalf of the Board

VINOD SHANTILAL SHAH
Chairman

BHAVIK BHARATKUMAR SHAH
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2003

Sr. PARTICULARS	(Rs. In Crores)	
	2003	2002
A CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the year	10.61	12.85
Adjustments for :		
Interest on shareholder's loan account	0.72	1.50
Depreciation	0.21	0.29
Gain on sale of fixed asset	(0.03)	-
<i>Operating profit before working capital changes</i>	11.51	14.64
Adjustments For:		
Inventories	(15.04)	7.29
Trade & other receivables	9.70	7.39
Trade & other payables	13.75	(44.78)
<i>Cash flows from operating activities</i>	19.92	(15.44)
B CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(0.02)	(0.46)
Sale of property, plant and equipment	0.06	-
Acquisition of investments	-	(0.71)
Maturity of investments	0.68	-
<i>Cash flows from investing activities</i>	0.72	(1.17)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in bank borrowings	(0.03)	-
Additional funds from shareholders	-	14.79
Shareholder's loan repaid	(3.35)	-
<i>Net Cash flows from financing Activities</i>	(3.38)	14.79
D OTHERS		
Exchange reserve	(0.62)	(0.29)
	(0.62)	(0.29)
Net increase/(decrease) in cash and cash equivalents	16.64	(2.11)
Cash & cash equivalents at beginning of the year	10.14	12.25
Cash & cash equivalents at end of the year	26.78	10.14
Represented by		
Fixed deposit	3.42	5.57
Cash at bank and in hand	23.36	4.57
	26.78	10.14

Notes :

- The above cash flow statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS) - 3 on Cash Flow Statement issued by The Institute of Chartered Accountants of India.
- Prior year comparatives have been reclassified to confirm with current year's presentation, where ever applicable.

As per our attached report of even date.

 For DHARMESH PARIKH & CO.
Chartered Accountants

 D. A. PARIKH
Proprietor

 PLACE : AHMEDABAD
DATE : 15TH MAY, 2004

For and on behalf of the Board

 VINOD SHANTILAL SHAH
Chairman

 BHAVIK BHARAT KUMAR SHAH
Director

DIRECTOR'S REPORT

To,
The Shareholders
ADANI GLOBAL PTE. LTD.
Singapore

The Directors are pleased to present their report to the members together with the audited financial statements of the Company for the financial year ended 31 December 2003.

1 DIRECTORS

The Directors of the Company in office at the date of this report are:

Vinod Shantilal Shah
Chang Chung Ling
Joseph Selvamalar
Bhavik Bharatkumar Shah

2 STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors are responsible for the preparation of financial statements which comply with the Companies Act. In preparing those financial statements, the Directors have :

- selected suitable accounting policies and then applied them consistently;
 - made judgements and estimates that are reasonable and prudent;
 - stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
 - prepared the financial statements on the going concern basis.
- They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

3 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act, Chapter 50.

5 CONTRACTUAL BENEFITS OF DIRECTORS

Since the beginning of the financial year, no director of the Company has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Companies Act, Chapter 50, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest except as disclosed in the financial statements.

6 OPTIONS TO TAKE UP UNISSUED SHARES

During the financial year, no option to take up unissued shares of the Company was granted.

7 OPTIONS EXERCISED

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

8 UNISSUED SHARES UNDER OPTION

At the end of the financial year, there were no unissued shares under option.

9 AUDITORS

The Auditors, Tony Oei & Company, have expressed their willingness to accept re-appointment.

10 OTHERS

The Company's accounts have been drawn up in SGD\$ and certified by the Auditors in Singapore. Based on this certification, the enclosed financial statements have been cast in line with the requirements under Indian Company law and the results have been restated in Indian Rupee.

On behalf of the Directors

VINOD SHANTILAL SHAH
Director

JOSEPH SELVAMALAR
Director

DATE : 5TH MAY, 2004

STATEMENT OF DIRECTORS

In the opinion of the Directors, the accompanying financial statements are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December, 2003 and the results of the business, changes in equity and cash flows of the Company for the financial year then ended and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors had authorized the issue of the financial statements on the date of the Statement of Directors

For and on behalf of the Directors

VINOD SHANTILAL SHAH
Director

JOSEPH SELVAMALAR
Director

DATE : 5TH MAY, 2004

AUDITOR'S REPORT

To,
The Members of
ADANI GLOBAL PTE. LTD.

The financial statements of Adani Global Pte Ltd for the accounting year 31st December, 2003, being a company registered in the Republic of Singapore, are audited by Tony Oei & Company, Certified Public Accountants and Registered Auditors, Singapore, and we have been furnished with their audit report dated 3rd May, 2004.

We are presented with the accounts in Indian Rupees prepared on the basis of aforesaid accounts to comply with the requirements of Section 212 of the Companies Act, 1956. We give our report hereunder.:

1. We have audited the attached balance sheet of Adani Global Pte Ltd as at 31st December, 2003, and the profit and loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. Adani Global Pte Ltd is the wholly owned subsidiary of Adani Global Limited incorporated in Singapore. The provisions of the Companies Act, 1956 in India do not apply to this subsidiary.
5. Our audit is limited to the extent of verifying whether the financial statements have been made out of proper books of accounts and that the accounting standards as envisaged under Section 211(3C) of Companies Act, 1956 have been complied with and whether the accounts are presented in accordance with Schedule VI of the Companies Act, 1956.
6. Further to our comments in the annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The balance sheet and profit & loss account dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the balance sheet and profit & loss account dealt with this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors, as on 31st December, 2003, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st December, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion, on the basis of information and explanations given to us and relying upon the above referred financial statements and auditor's report thereon, the accounts read with the notes thereon give the information required by the Companies Act 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i) in the case of the balance sheet, of the state of affairs of the Company as at 31st December, 2003;
 - ii) in the case of profit & loss account, of the profit for the year ended on that date; and
 - iii) in the case of cash flow statement, of the cash flows for the year ended on that date.

For DHARMESH PARIKH & CO.
Chartered Accountants

D. A. PARIKH
Proprietor

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR AUDITOR'S REPORT OF EVEN DATE
ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2003 OF ADANI GLOBAL PTE LTD

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the Management during the year and no material discrepancies were noticed on such verification.
- ii) None of the fixed assets have been revalued during the year under review;
- iii) As explained to us, the stocks of finished goods have been physically verified during the year by the Management, except for stocks lying with outside parties, which have, however, been confirmed by them;
- iv) The procedures explained to us, which are followed by the Management for physical verification of the above referred stocks, are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;
- v) As per information and explanation give to us, the discrepancies noticed on verification between the physical stocks and book records were not material.
- vi) The Company has given interest free unsecured loan to a director. Other terms and conditions on which this loan has been taken are prima facie not prejudicial to the interest of the Company.
- vii) In our opinion, and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of plant and machinery, equipments and other assets and also for sale of goods.
- Viii) Provisions of Section 301 of the Companies Act, 1956 do not apply to the Company as it is incorporated outside India.
- ix) According to the information given to us, the Company has a procedure for the determination of damaged or unserviceable finished goods. We are informed that no such stocks have been determined during the year under review.
- x) According to the information and explanations given to us no personal expenses have been charged to revenue account other than those payable under the contractual obligations or in accordance with the generally accepted business practices.
- xi) In respect of the trading activities, damaged goods have been determined at the time of physical verification, consequential adjustments, which were not significant, have been made in the accounts.

In our opinion clauses of Manufacturing and Other Companies (Auditor's Report) Order, 1988 numbering 4A (vi), (vii), (ix), (xiii), (xiv), (xv), (xvi), (xvii), (xviii), (xx), 4B and 4D are not applicable to this Company.

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004

For DHARMESH PARIKH & CO.
Chartered Accountants

D. A. PARIKH
Proprietor

BALANCE SHEET AS AT 31ST DECEMBER, 2003

(Rs. in Crores)

PARTICULARS	SCHEDULE	As At 31-12-2003		As At 31-12-2002	
A SOURCES OF FUNDS :					
I. SHAREHOLDERS' FUND					
(A) Share capital	1	24.07		24.07	
(B) Reserves & surplus	2	1.83		0.72	
			25.90		24.79
II. LOAN FUNDS					
(A) Secured loans		0.00		0.00	
(B) Unsecured loans	3	0.17		0.12	
			0.17		0.12
TOTAL			26.07		24.91
B APPLICATION OF FUNDS :					
I. FIXED ASSETS	4				
(A) Gross block		0.20		0.20	
(B) Less : Depreciation		0.17		0.15	
(C) Net block			0.03		0.05
II. INVESTMENTS			0.00		0.00
III. CURRENT ASSETS, LOANS & ADVANCES					
(A) Inventories		0.00		0.00	
(B) Receivables	5	70.86		65.43	
(C) Cash & bank balances	6	25.90		19.82	
(D) Loans & advances	7	3.55		0.09	
		100.31		85.34	
LESS :-					
CURRENT LIABILITIES & PROVISIONS					
(A) Current liabilities	8	73.97		60.35	
(B) Provisions	9	0.30		0.13	
		74.27		60.48	
NET CURRENT ASSETS			26.04		24.86
TOTAL			26.07		24.91

Notes forming part of the accounts
As per our attached report of even date

15

For and on behalf of the Board

For DHARMESH PARIKH & CO.
Chartered Accountants

VINOD SHANTILAL SHAH
Director

D. A. PARIKH
Proprietor

JOSEPH SELVAMALAR
Director

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2003

(Rs in Crores)

PARTICULARS	SCHEDULE	2003		2002	
A INCOME :					
Sales	10		1006.32		629.55
			<u>1006.32</u>		<u>629.55</u>
B EXPENDITURE :					
Cost of materials	11		999.82		624.48
Personnel expenses	12		0.76		0.66
Operation & other expenses	13		0.63		0.37
Interest	14		3.62		3.30
Depreciation			0.02		0.03
			<u>1004.85</u>		<u>628.84</u>
Profit for the year before taxation			<u>1.47</u>		<u>0.71</u>
Provision for taxation:					
- Current tax			0.29		0.13
Profit after taxation			<u>1.18</u>		<u>0.58</u>
Add : Surplus brought forward from previous year			0.95		0.39
Profit available for appropriation			<u>2.13</u>		<u>0.97</u>
APPROPRIATIONS :					
Balance carried to balance sheet			2.13		0.97
			<u>2.13</u>		<u>0.97</u>
Earning per share - of S\$ 1 each (in Rupees)					
- Basic & Diluted			1.33		0.65
- Annualised			1.33		0.65

Notes forming part of the accounts
As per our attached report of even date

15

For and on behalf of the Board

For DHARMESH PARIKH & CO.
Chartered Accountants

VINOD SHANTILAL SHAH
Director

D. A. PARIKH
Proprietor

JOSEPH SELVAMALAR
Director

PLACE : AHMEDABAD
DATE : 5TH MAY, 2004

SCHEDULES 1 TO 9 FORMING PART OF THE BALANCE SHEET AS AT 31ST DECEMBER, 2003

PARTICULARS	2003		2002	
(Rs. in Crores)				
SCHEDULE : 1				
SHARE CAPITAL				
AUTHORISED				
1000000 ordinary shares of S\$ 1 each		27.16		27.16
ISSUED, SUBSCRIBED & PAID-UP				
8850000 ordinary shares of S\$ 1 each		24.07		24.07
(Above shares are held by Adani Global Ltd., a holding company)		24.07		24.07
SCHEDULE : 2				
RESERVES & SURPLUS				
Exchange reserve		0.01		(0.01)
Translation reserve		(0.31)		(0.24)
Surplus in profit & loss account		2.13		0.97
		1.83		0.72
SCHEDULE : 3				
UNSECURED LOANS				
Loans from directors		0.17		0.12
		0.17		0.12

Sr. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK		
		As at 01/01/03	Additions during the year	Deductions during the year	As at 31/12/03	As at 01/01/03	Provided for the year	Deductions during the year	As at 31/12/03	As at 31/12/03	As at 31/12/02
1	Building	0.05	0.00	0.00	0.05	0.00	0.02	0.00	0.02	0.03	0.05
2	Furniture & fixtures	0.05	0.00	0.00	0.05	0.05	0.00	0.00	0.05	0.00	0.00
3	Office equipment	0.05	0.00	0.00	0.05	0.05	0.00	0.00	0.05	0.00	0.00
4	Computer equipment	0.05	0.00	0.00	0.05	0.05	0.00	0.00	0.05	0.00	0.00
	Total	0.20	0.00	0.00	0.20	0.15	0.02	0.00	0.17	0.03	0.05
	Previous year	0.20	0.00	0.00	0.20	0.12	0.03	0.00	0.15	0.05	-

PARTICULARS	2003		2002	
(Rs. in Crores)				
SCHEDULE : 5				
RECEIVABLES (UNSECURED, CONSIDERED GOOD)				
Others		70.86		65.43
		70.86		65.43
SCHEDULE : 6				
CASH & BANK BALANCES				
Cash and bank balance		3.12		0.07
Fixed deposits with banks		22.78		19.75
		25.90		19.82
SCHEDULE : 7				
LOANS & ADVANCES (UNSECURED, CONSIDERED GOOD)				
Advances recoverable in cash or kind or for value to be received		3.55		0.09
		3.55		0.09
SCHEDULE : 8				
CURRENT LIABILITIES				
Sundry creditors		70.30		60.20
Other liabilities		3.67		0.15
		73.97		60.35
SCHEDULE : 9				
PROVISIONS				
Provision for taxation		0.30		0.13
		0.30		0.13

SCHEDULES 10 TO 14 FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR 2003

(Rs. in Crores)

PARTICULARS	2003		2002	
SCHEDULE : 10				
SALES				
Sales		1,006.32		629.55
		<u>1,006.32</u>		<u>629.55</u>
SCHEDULE : 11				
COST OF MATERIALS				
Purchase of traded goods		999.82		624.48
		<u>999.82</u>		<u>624.48</u>
SCHEDULE : 12				
PERSONNEL EXPENSES				
Salaries & bonus		0.69		0.60
Contribution to provident & other funds		0.07		0.06
Staff welfare expenses		0.00		0.00
		<u>0.76</u>		<u>0.66</u>
SCHEDULE : 13				
OPERATION & OTHER EXPENSES				
Rent		0.12		0.12
Postage, telephone & telex expenses		0.16		0.13
Stationery & printing expenses		0.02		0.04
Miscellaneous expenses		0.05		0.06
Payment to auditors		0.02		0.01
Membership & subscription		0.11		0.00
Legal & professional		0.01		0.03
Traveling & conveyance expenses		0.08		0.05
Exchange rate difference		0.06		(0.07)
		<u>0.63</u>		<u>0.37</u>
SCHEDULE : 14				
INTEREST				
Interest expenses				
L/C charges	1.38		0.42	
Bank charges, commission & interest	2.41		3.07	
		3.79		3.49
Less : Interest income				
Interest on deposit & others		0.17		0.19
		<u>3.62</u>		<u>3.30</u>

SCHEDULE: " 15 "

NOTES FORMING PART OF THE ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES adopted by the Company in the preparation and presentation of the accounts:-

a) SYSTEM OF ACCOUNTING

- i) The accounts are prepared on the historical cost basis and on the accounting principles of a going concern.
- ii) Accounting policies, not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.
- iii) All expenditure and income to the extent considered payable and receivable respectively are accounted for on accrual basis except those with significant uncertainties.

b) CONVERSION TO INDIAN RUPEES

For the purpose of accounts, all income and expense items are converted at the average rate of exchange applicable for the year. All assets and liabilities are translated at the closing rate as on the balance sheet date. The exchange difference arising out of the year end translation is debited or credited to translation reserve.

The share capital is carried forward at the rate of exchange prevailing on the transaction date. The resulting exchange difference on account of translation at the year end are transferred to translation reserve account and the said account is being treated as "Reserve and Surplus".

c) FIXED ASSETS

Plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is computed on a straight-line basis over the estimated useful life of the asset as follows:

Office furniture and fittings	-	33 1/3%
Office equipment	-	33 1/3%
Renovation	-	33 1/3%

The useful life and depreciation method are reviewed annually to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of plant and equipment.

Fully depreciation assets still in use are retained in the financial statements.

d) DEFERRED TAXATION

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

e) REVENUE RECOGNITION

Revenue from sales are recognized when goods are delivered.

Interest income is recognized on an accrual basis.

Revenue from dividend income is recognized on the date they are declared to be payable.

f) TRADE DEBTORS AND OTHER DEBTORS

Trade and other debtors are stated at cost.

g) TRADE CREDITORS AND OTHER CREDITORS

Trade and other creditors are stated at cost.

h) EMPLOYEE LEAVE ENTITLEMENTS

Employees' entitlements to annual leave are recognized when they accrue to employees. No provision has been made for the estimated liability for annual leave as the amount involved is considered to be not significant.

i) EMPLOYEE BENEFITS

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme.

These contributions are recognized as an expense in the period in which the related service is performed.

j) TAXATION

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

(B) NOTES ON ACCOUNTS:-

1. Corporate information

The Company is incorporated and domiciled in the Republic of Singapore.

The principal activities of the Company are to carry on business as general merchants, importers and exporters, commission agents and manufacturer's representative.

There have been no significant changes in the nature of these activities during the financial year.

2. Immediate and ultimate holding companies.

The Company's immediate parent company is Adani Global Limited, which is incorporated in Mauritius. The Company's ultimate holding company is Adani Exports Limited, a company incorporated in India.

3. The accounts have been prepared and audited for the purpose of attachment to the accounts of the ultimate holding Company to comply with the provisions of the Indian Companies Act, 1956.

4. The transactions are in local currency (Singapore Dollars), which have been converted into Indian Currency (Indian Rupees) for reporting and the rate applied is as per para (b) of the significant accounting policies.

5. Bills payable
The bills payable is secured by the Company's fixed deposit and guaranteed by the Directors.
6. Amount due to a director
The amount due to a director is interest free and has no fixed term of repayment.
7. Receivable includes: -
Amount due from a Company of Rs. 9.36 crores in which one of the Director is interested
8. Current liabilities include
Amount due to the ultimate holding Company Rs. 39.63 crores.
9. Related party disclosure (As identified by the Management)
- i Name of related parties & description of relationship
- A Controlling companies
Adani Exports Ltd.
Adani Global Ltd.
- b Subsidiary companies
-
- c Fellow subsidiary
Adani Global FZE

ii Nature & volume of transaction with related parties

Particulars	(Rs. in Crores)	
	Controlling Company	Fellow Subsidiary
1 Sales (net of return)	120.25	80.79
2 Purchase (net of return)	79.00	-
3 Balance outstanding as on 31st December 2003		
due to	39.63	-
due from	-	9.36

10. Earning per share

Particulars	Year ended 31st December, 2003
Net profit after tax available for equity shareholders (Rs. in crores)	1.18
Weighted average no. of equity shares of S\$ 1 each outstanding during the year	8850000
Basic earning per share (in Rs.)	1.33

11. a) Previous year's figures have been regrouped wherever necessary to confirm to this year's classification.
- b) As this is the first year for which, foreign subsidiary accounts are presented as per requirement U/s. 212 of the Companies Act, 1956, previous year figures are not compiled in case of Schedule " 15 " - "Notes forming parts of the Accounts".

Signature to schedule " 1 " to " 15 "

For and on behalf of the Board

VINOD SHANTILAL SHAH
Director

JOSEPH SELVAMALAR
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2003

Sr. Particulars	(Rs. In Crores)	
	2003	2002
A CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the year	1.47	0.71
Adjustments for :		
Depreciation	0.02	0.03
Interest received	(0.17)	(0.19)
<i>Operating profit before working capital changes</i>	1.32	0.55
Adjustments for:		
Trade & other receivables	(5.62)	(4.86)
Loans & advances	(3.46)	7.26
Trade & other payables	13.80	(8.56)
<i>Cash generated from operations</i>	6.04	(5.61)
<i>Tax paid</i>	(0.12)	(0.08)
<i>Net Cash Used in operating activities</i>	5.92	(5.69)
B CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	0.17	0.18
<i>Net Cash used in investing activities</i>	0.17	0.18
C CASH FLOWS FROM FINANCING ACTIVITIES		
Fund from increase in share capital	-	14.46
Proceeds from unsecured Loans	0.05	(0.02)
<i>Net Cash flows from financing Activities</i>	0.05	14.44
D OTHERS		
Exchange reserve	(0.06)	-
	(0.06)	-
Net increase in cash and cash equivalents	6.08	8.93
Cash & cash equivalents at beginning of the year	19.82	10.89
Cash & cash equivalents at end of the year	25.90	19.82
Represented by		
Fixed deposit	22.78	19.75
Cash at bank and in hand	3.12	0.07
	25.90	19.82

Notes :

- 1 The above cash flow statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS) - 3 on Cash Flow Statement issued by The Institute of Chartered Accountants of India.
- 2 Prior year comparatives have been reclassified to confirm with current year's presentation, where ever applicable.

As per our attached report of even date

For DHARMESH PARIKH & CO.
Chartered Accountants

D. A. PARIKH
Proprietor

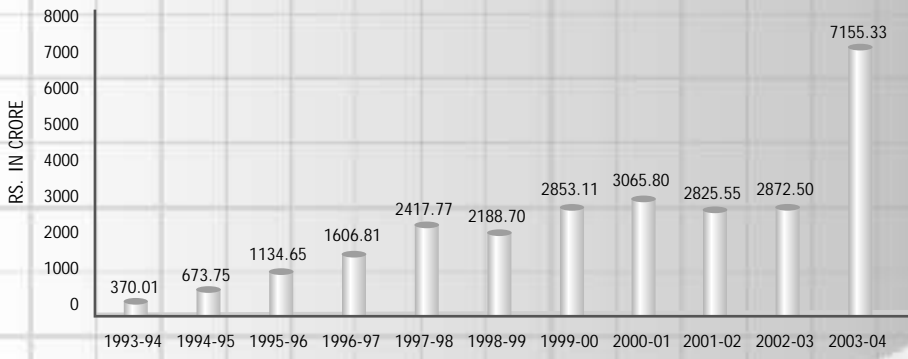
PLACE : AHMEDABAD
DATE : 5TH MAY, 2004

For and on behalf of the Board

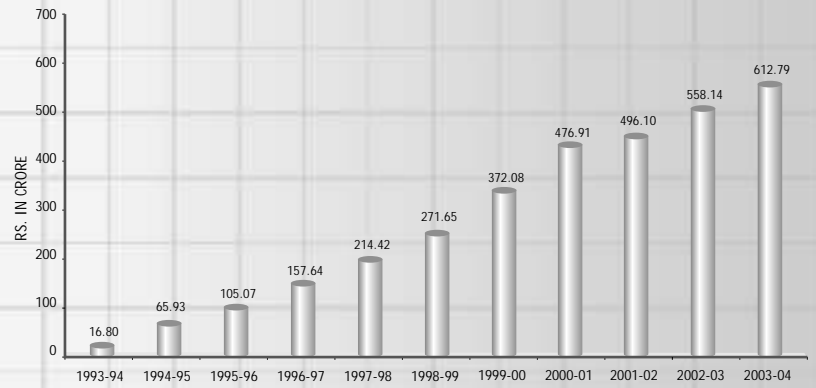
VINOD SHANTILAL SHAH
Director

JOSEPH SELVAMALAR
Director

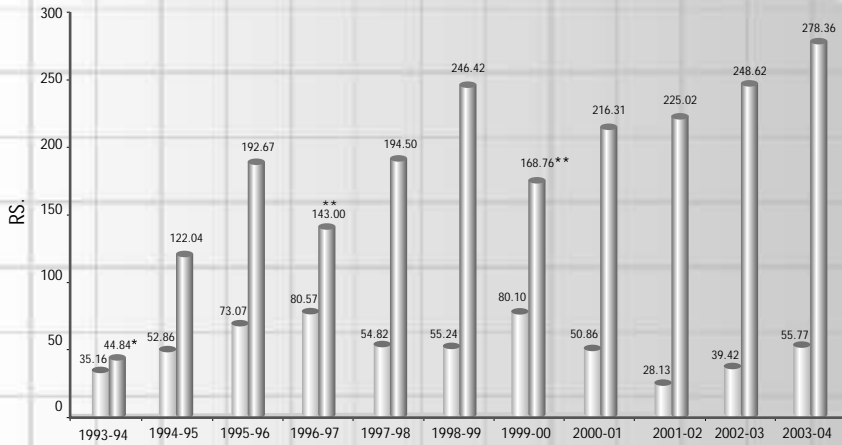
TRENDS IN TURNOVER



TRENDS IN NET WORTH



TRENDS IN E.P.S & BOOK VALUE

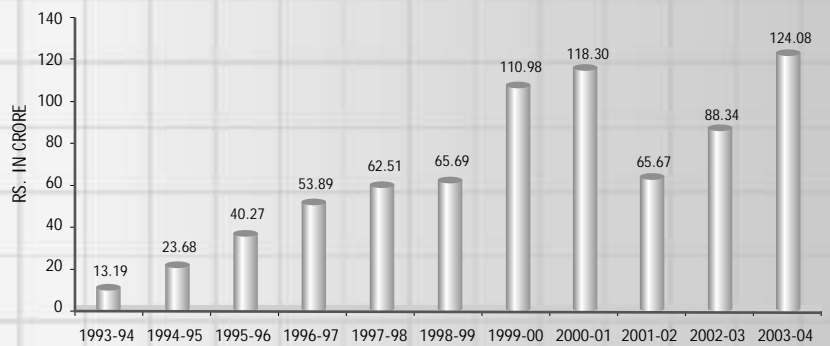


■ E.P.S.
 ■ BOOK VALUE (Including Special Reserve created under I.T. Act)

* On increased Capital after 1 : 2 Bonus

** On increased Capital after 1 : 1 Bonus

TRENDS IN PROFIT





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